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STATE OF NEW YORK.

ONE HUNDRED AND TWENTY-THIRD SESSION.

1900.

VOL. XVII.—No. 69—PART 2.



ALBANY:
JAMES B. LYON, STATE PRINTER.
1900.

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1900¹⁷
REPORT

OF THE

NEW YORK COMMERCE COMMISSION

CHARLES A. SCHIEREN, *Chairman*.

C. C. SHAYNE.

ANDREW H. GREEN.

HUGH KELLY.

ALEXANDER R. SMITH, *Secretary*.

BEN L. FAIRCHILD, *Counsel*.

VOLUME II.

TRANSMITTED TO THE LEGISLATURE JANUARY 25, 1900.

ALBANY:

JAMES B. LYON, STATE PRINTER.

1900.

273573

EXHIBIT No. 11—(Continued).

EXPORTS OF DOMESTIC FLOUR AND GRAIN FROM THE UNDERMENTIONED PORTS, MONTHLY, DURING 1898.
Boston.

Months.	Wheat Flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.	Barley, bushels.
January	149,137	3,693	327,563	832,347	359,135	.....	19,905
February	64,079	390	460,114	1,005,972	1,091,169	.....	950
March	72,332	2,829	218,186	1,214,257	1,059,202	.....	.....
April	67,039	5,817	1,012,537	979,532	710,399	.....	.....
May	86,345	5,372	1,194,686	1,491,446	382,910	.....	.....
June	125,990	4,370	853,812	1,280,413	1,009,660	.....	.....
July	87,084	1,782	564,627	1,329,834	823,545	77,051	.....
August	192,556	2,865	1,164,211	1,238,286	816,003	8,873	.....
September	173,033	4,963	1,666,208	682,680	504,244	94,732	.....
October	153,567	4,836	1,449,649	195,585	695,546	22,728	.....
November	229,704	4,340	1,625,183	502,423	567,952	41,811	.....
December	178,821	5,059	1,751,374	790,053	304,908	.....	20,000
Totals 1898	1,579,687	46,316	12,288,150	11,542,828	8,324,673	245,195	40,855
Totals 1897	1,208,731	65,712	9,592,108	9,424,644	4,582,337	41,836	107,893
Totals 1896	1,457,526	24,153	9,838,955	5,893,209	1,919,677	166,264	163,792
Totals 1895	1,433,157	48,743	4,810,384	5,320,083	1,520	.....	30,157
Totals 1894	2,103,422	30,991	3,861,876	3,896,933	2,350	.....	.....
Totals 1893	1,855,471	51,007	3,934,125	5,505,966	3,651	.....	.....
Totals 1892	2,090,720	46,774	6,375,123	2,811,277	73,745	84,749	583

EXHIBIT No. 11—(Continued).
Philadelphia.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.
January	111,008	3,310	522,758	1,872,614	1,260,614	264,582
February	154,012	3,428	177,103	2,235,102	1,086,851	157,391
March	124,399	12,552	627,978	2,212,634	628,534	.....
April	94,312	4,018	160,362	3,010,735	341,942	12,933
May	115,963	6,498	210,000	4,406,954	501,598	144,250
June	83,502	1,353	47,016	2,379,427	140,615	8,900
July	83,536	12,391	8,000	1,394,808	368,843	26,381
August	114,256	13,477	305,149	1,757,497	148,319	.....
September	178,810	1,287	522,670	1,511,187	349,700	.....
October	112,551	21,034	715,440	1,739,018	625,059	196,326
November	222,912	1,975	701,886	2,870,609	234,459	99,046
December	219,165	7,194	1,661,442	4,461,139	85,040	550,708
Totals 1898.....	1,614,426	88,517	5,660,284	29,851,346	5,771,574	1,460,517
Totals 1897.....	815,181	33,708	4,801,606	25,140,487	2,432,357	605,676
Totals 1896.....	654,126	3,723	4,863,886	8,829,376	438,824	.....
Totals 1895.....	903,122	1,242	1,537,226	3,307,413	59,420	.....
Totals 1894.....	1,277,767	1,509	4,204,412	2,529,809	169	.....
Totals 1893.....	1,376,434	1,882	5,657,398	3,985,406	103,400	5,998
Totals 1892.....	1,843,647	10,198	9,894,024	19,454,590	446,478	26,404

EXHIBIT No. 11—(Continued).

Baltimore.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.	Barley, bushels.
January	310,638	6,072	1,539,597	4,082,048	674,377	714,169	9,689
February	204,271	10,384	1,064,643	3,273,910	541,206	498,479	.....
March	250,134	9,486	1,217,489	3,790,046	565,943	349,356	9,641
April	139,591	598	1,262,122	6,329,440	347,841	384,507	.....
May	152,965	4,262	1,552,188	5,995,105	1,136,831	383,137	.....
June	138,385	1,305	894,093	3,769,666	305,127	278,715	.....
July	96,754	2,235	1,115,630	2,037,858	163,186	206,935	.....
August	178,161	800	2,286,290	2,243,435	109,650	153,858	.....
September	280,145	7,155	1,097,465	2,493,873	203,682	402,850	580
October	336,851	8,990	1,745,407	2,247,914	473,546	357,769	.....
November	362,864	7,909	2,364,322	3,579,890	327,257	490,998	.....
December	362,407	16,415	2,402,788	5,253,292	11,040	360,633	.....
Totals 1898	2,813,166	78,611	18,542,034	45,096,477	4,859,686	4,581,406	19,910
Totals 1897	2,325,803	61,961	15,304,039	43,048,008	5,270,096	3,195,974	14,231
Totals 1896	3,065,845	16,976	6,589,856	26,382,182	6,919,518	1,028,745	64,352
Totals 1895	2,539,981	21,047	3,977,261	9,645,758	134,318	.....	.....
Totals 1894	2,943,562	17,155	8,448,448	7,758,377	46	.....	.....
Totals 1893	3,331,374	20,042	13,048,702	7,486,403	1,380,255	182,934	.....
Totals 1892	3,661,623	60,214	16,661,559	18,995,907	172,271	740,670	26,785

EXHIBIT No. 11—(Continued).
Newport News, Va.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.	Barley, bushels.
January	170,523	29,892	115,627	2,632,989	281,158	107,141	.....
February	283,735	32,393	15,963	2,114,883	420,027	33,000	.....
March	239,851	35,883	34,371	1,831,172	270,000	1,768	.....
April	125,408	7,205	929,285	1,186,268	196,250	.....	.....
May	102,292	15,107	430,135	1,567,028	349,040	.....	.....
June	117,599	32,550	114,609	906,548	125,753	.....	.....
July	40,747	15,916	130,859	746,214	.....	.....	.....
August	67,491	10,033	142,000	440,427	.....	.....	.....
September	107,796	18,576	178,841	1,137,138	49,719	.....	.....
October	152,333	14,707	363,648	1,233,163	249,147	.....	.....
November	170,445	10,972	376,200	931,400	663,360	.....	.....
December	239,662	10,781	105,774	1,388,145	434,283	.....	.....
Totals 1898....	1,817,882	234,015	2,937,312	16,115,375	3,038,737	141,909	.....
Totals 1897....	1,487,828	239,884	1,465,465	16,772,539	2,655,900	233,140	88,797
Totals 1896....	1,611,952	68,244	17,327	10,376,625	3,750,054	.....	1,500
Totals 1895....	1,274,045	11,433	1,185,400	4,866,335	104,892	.....	49,535
Totals 1894....	673,265	936	2,365,402	4,822,738	.....	.....	.....
Totals 1893....	843,537	2,274	2,079,040	2,560,088	80,226	.....	.....
Totals 1892....	912,619	.....	2,323,824	1,026,098	1,604,329	43,415	16,738

EXHIBIT No. 11—(Continued).

Norfolk, Va.

Months.	Wheat flour, barrels	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.
January	6,417	.....	104,000	1,604,625	.....	.....
February	508	.....	.....	947,186	.....	.....
March	2,113	.....	.....	1,425,261	.....	.....
April	1,428	.....	26,791	1,270,569	.....	.....
May . . . . .	.....	.....	.....	633,891	.....	.....
June	714	.....	.....	687,782	.....	.....
July	3,275	.....	80,000	21,696	.....	.....
August	3,720	.....	208,000	94,284	.....	.....
September	2,939	.....	30,000	218,570	.....	.....
October	5,612	.....	.....	451,772	.....	.....
November	4,409	.....	152,000	649,138	.....	.....
December	4,813	.....	.....	1,378,551	.....	.....
Totals 1898	35,948	.....	600,791	9,383,325	.....	.....
Totals 1897	65,675	28,506	987,691	12,427,373	.....	.....
Totals 1896	61,136	4,850	.....	12,891,285	74,102	.....
Totals 1895	43,959	2,000	165,765	3,545,363	860	.....
Totals 1894	35,964	.....	52,048	1,044,988	.....	.....
Totals 1893	113,272	.....	77,432	513,732	.....	.....
Totals 1892	78,918	214	628,247	598,552	148,000	149,919

EXHIBIT No. 11—(Continued).
New Orleans.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.
January	47,547	28	1,250,630	2,937,815	266,997	30,000
February	21,859	25	1,149,142	3,590,411	172,263	64,730
March	33,671	103	926,187	3,277,064	310,576	49,708
April	19,940	19	937,590	1,580,139	188,171	62,636
May	9,424	13	1,715,633	1,398,093	411,427	10,000
June	12,791	23	861,028	839,390	214,541	.....
July	11,233	34	142,458	314,893	30,871	.....
August	11,670	17	940,251	616,741	391	.....
September	22,870	23	1,468,946	895,211	28,717	.....
October	29,779	17	706,451	1,726,803	2,092	17,500
November	18,436	19	928,581	1,699,898	4,158	.....
December	56,252	51	1,768,645	1,859,111	32,752	.....
Totals 1898	295,472	372	12,795,542	20,735,569	1,662,956	234,574
Totals 1897	345,017	3,800	10,356,248	27,714,472	1,294,518	259,670
Totals 1896	268,154	779	3,853,337	25,292,502	262,143	17,700
Totals 1895	91,140	652	836,202	8,756,706	23,790	.....
Totals 1894	133,075	214	2,925,541	5,441,448	12,712	.....
Totals 1893	117,878	808	12,896,734	6,506,333	122,533	.....
Totals 1892	225,841	156	14,207,443	7,379,678	9,103	357,610

EXHIBIT No. 11—(Continued).

Galveston, Texas.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye bushels.
January	7,569	. . . . .	520,660	849,561	. . . . .	. . . . .
February	22,433	2,857	1,008,798	1,556,003	. . . . .	. . . . .
March	29,628	8,341	894,543	1,417,180	18	24,900
April	60,480	6,756	413,255	342,301	. . . . .	34,525
May	3,913	. . . . .	396,952	17,143	. . . . .	5,595
June	3,924	. . . . .	111,498	. . . . .	. . . . .	. . . . .
July	8,556	. . . . .	234,753	. . . . .	50	. . . . .
August	980	. . . . .	981,765	. . . . .	1,552	. . . . .
September	6,646	. . . . .	1,489,205	26,000	. . . . .	. . . . .
October	9,742	. . . . .	1,278,894	42,714	. . . . .	. . . . .
November	15,801	3,428	1,957,646	532,689	48	. . . . .
December	4,519	. . . . .	2,000,809	782,009	. . . . .	. . . . .
Totals 1898.	174,191	21,382	11,288,278	5,565,600	1,668	65,020
Totals 1897.	49,892	. . . . .	7,355,636	4,073,021	. . . . .	17,000
Totals 1896.	57,728	. . . . .	3,438,969	6,222,280	. . . . .	. . . . .
Totals 1895.	53,244	. . . . .	. . . . .	1,233,477	. . . . .	. . . . .
Totals 1894.	59,859	. . . . .	135,137	5,412	18,114	. . . . .
Totals 1893.	50,737	175	1,310,950	98,508	13,104	. . . . .
Totals 1892.	21,296	270	377,885	144,775	106	539

EXHIBIT No. 11 (Continued).

Portland, Me.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.	Oats, bushels.	Rye, bushels.	Barley, bushels.
January	9,530	.....	.....	102,000	150,000	.....	.....
February	22,736	.....	.....	195,500	50,000	.....	.....
March	43,010	.....	133,110	118,687	399,418	.....	.....
April	39,650	.....	.....	32,148	397,481	.....	.....
May	350	.....	.....	.....	69,731	.....	.....
June	.....	.....	.....	.....	.....	.....	.....
July	.....	.....	.....	.....	.....	.....	.....
August	.....	.....	.....	2,100	200	.....	.....
September	.....	.....	.....	.....	.....	.....	.....
October	.....	.....	.....	2,525	.....	.....	.....
November	8,116	.....	95,724	120	165	.....	.....
December	46,025	.....	340,803	277,684	99,758	.....	.....
Totals 1898	169,417	.....	569,637	730,764	1,167,113	.....	.....
Totals 1897	128,930	54	382,687	237,338	470	17,640	.....
Totals 1896	124,812	233	73,322	565,836	151,670	.....	8,400
Totals 1895	42,616	112	30,160	426,345	.....	.....	.....
Totals 1894	60,955	8	8,183	679,770	.....	.....	.....
Totals 1893	55,690	262	.....	24,705	.....	.....	.....
Totals 1892	11,045	37	.....	.....	.....	.....	.....

EXHIBIT No. 11—(Continued).
Montreal via River St. Lawrence to Europe.

Months.	Wheat flour, barrels.	Corn meal, barrels.	Wheat, bushels.	Corn, bushels.
January .....	.....	.....	.....	.....
February .....	.....	.....	.....	.....
March .....	.....	.....	.....	.....
April .....	.....	.....	.....	.....
May	65,181	6,971	1,140,052	4,031,189
June	125,954	5,370	944,220	3,663,244
July	81,947	5,289	393,191	3,733,270
August	179,981	3,637	1,097,261	3,050,180
September	96,903	2,125	1,484,536	2,148,528
October	128,026	6,886	2,131,542	1,092,870
November	179,566	4,633	1,798,867	1,495,018
December .....	.....	.....	.....	.....
Totals 1898.....	857,558	34,911	8,989,669	19,214,299
Totals 1897.....	585,813	37,350	9,899,308	9,210,222
Totals 1896.....	772,126	40,021	7,027,058	6,778,896
Totals 1895.....	1,061,042	36,259	3,650,711	2,605,848
Totals 1894.....	646,828	32,356	5,391,306	2,034,920
Totals 1893.....	514,872	47,918	6,909,337	9,650,554
Totals 1892.....	608,063	46,080	8,489,698	1,764,859

EXHIBIT No. 11—(*Concluded*).
Montreal via River St. Lawrence to Europe—(Concluded).

Months.	Oats, bushels.	Rye, bushels.	Barley, bushels.	Peas, bushels.
January .....	.....	.....	.....	.....
February .....	.....	.....	.....	.....
March .....	.....	.....	.....	.....
April .....	.....	.....	.....	.....
May	1,643,420	405,358	132,791	250,554
June	849,838	97,035	102,914	129,356
July	670,789	32,496	60,671	207,077
August	1,333,758	85,779	22,978	307,530
September	611,672	159,300	.....	158,556
October	818,386	91,847	.....	290,701
November	853,376	112,164	1,943	294,661
December .....	.....	.....	.....	.....
Totals 1898	6,781,239	983,979	321,297	1,638,435
Totals 1897	5,122,074	855,135	179,044	1,779,777
Totals 1896	2,631,785	351,627	247,148	1,865,533
Totals 1895	10,750	16,213	808	741,865
Totals 1894	77,569	46,811	.....	1,171,540
Totals 1893	3,119,240	220,361	43,331	1,781,571
Totals 1892	5,020,140	385,091	404,038	2,263,639

SUPPLEMENTAL EXHIBIT.

(Submitted by J. C. Brown in December, 1899, bringing foregoing tables down to date.)

RECEIPTS OF FLOUR AND GRAIN AT THE UNDERMENTIONED SEABOARD PORTS JANUARY 1 TO NOVEMBER 30, 1899.	New York.	Boston.	Philadelphia.	Baltimore.
Flour, barrels	6,218,915	2,232,829	2,963,350	4,004,810
Wheat, bushels	38,913,850	11,999,290	4,576,993	10,075,051
Corn, bushels	40,489,675	17,097,659	29,685,535	44,583,524
Oats, bushels	40,038,000	10,517,519	11,190,226	6,989,471
Rye, bushels	2,865,850	60,665	529,837	1,406,579
Barley, bushels	8,984,350	1,510,031	348,200	205,853

SUPPLEMENTAL EXHIBIT—(Continued).
(Submitted by J. C. Brown in December, 1899, bringing foregoing tables down to date.)
RECEIPTS OF FLOUR AND GRAIN, ETC.—(Concluded).

	Newport News.*	New Orleans.†	Galveston.†	Montreal.
Flour, barrels	1,576,051	599,729	No report	1,537,804
Wheat, bushels	503,897	9,275,649	14,937,040	9,975,812
Corn, bushels	12,805,454	13,884,424	4,574,400	12,311,854
Oats, bushels	7,333,931	2,596,025	279,400	4,194,690
Rye, bushels .....	.....	No report	No report	385,051
Barley, bushels	210,043	No report	No report	1,352,854

* As the actual receipts at Newport News are not procurable; the quantities exported have been taken as the quantities received.
† Aggregate of exports exceed receipts in instances showing that all of the receipts have not been reported.

SUPPLEMENTAL EXHIBIT--(Continued).

(Submitted by J. C. Brown in December, 1899, bringing foregoing tables down to date.)

EXPORTS OF FLOUR AND GRAIN FROM THE UNDERMENTIONED U. S. PORTS, WITH TOTALS FROM THE U. S., AS REPORTED BY THE U. S. GOVERNMENT, AND FROM MONTREAL, JANUARY 1 TO NOVEMBER 30, 1899.

	New York.	Boston.	Philadelphia.	Baltimore.	Newport News.
Flour, barrels	4,339,530	1,449,662	1,954,119	3,114,185	1,576,051
Wheat, bushels	25,015,272	10,616,472	2,673,786	9,493,326	503,897
Corn, bushels	37,511,090	16,763,250	27,233,279	42,252,321	12,805,454
Oats, bushels	12,634,607	4,787,961	7,427,940	3,750,200	7,333,931
Rye, bushels	2,715,463	57,452	619,186	1,262,131	.....
Barley, bushels	6,344,653	1,306,317	.....	.....	210,043

SUPPLEMENTAL EXHIBIT—(Concluded).

(Submitted by J. C. Brown in December, 1899, bringing foregoing tables down to date.)

EXPORTS OF FLOUR AND GRAIN, ETC.—(Concluded).

	New Orleans.	Galveston.	All U. S. ports.	Montreal via River St. Lawrence to Europe.
Flour, barrels	418,887	158,844	17,118,910	1,080,459
Wheat, bushels	11,320,492	14,718,101	102,850,452	9,852,125
Corn, bushels	18,473,142	4,922,605	187,120,393	13,272,602
Oats, bushels	821,964	58,814	39,835,749	3,926,604
Rye, bushels .....	.....	.....	4,804,781	366,016
Barley, bushels	176,168	.....	14,501,650	1,080,927

July 17th, 1899.

A hearing of the New York Commerce Commission was this day, July 17, 1899, held in the managers' room of the New York Produce Exchange, New York city.

Present: Hon. Charles A. Schieren, chairman; C. C. Shayne, Hugh Kelly and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The Chairman called the Commission to order at 1.30 p. m.

O. M. MITCHELL (recalled).

O. M. MITCHELL, recalled, testified as follows:

By Mr. Fairchild:

Q. Mr. Mitchell, since the last hearing you have prepared from your books a statement showing your exportations from the different Atlantic ports, from New York and from the out-ports? A. I have, sir, in accordance with your request. I have just got it completed.

Q. Now these statements, which I now hand you, are copied from your testimony before the Interstate Commerce Commission, and carry the exportations down to February 28, 1897. The figures you testified to at the time of the Interstate Commerce Commission were correct, were they not, and taken from your books? A. They are correct; taken from my books.

Q. Will you state, as shown by that statement, what your percentages of exportations were from New York and from the out-ports from 1891 down to February 28, 1897? A. This gives merely wheat and maize. The wheat, beginning with 1891, is eighty-five per cent. for New York; in 1892 it was eighty-nine per cent.; in 1893, eighty-nine per cent.; in 1894, eighty-nine per cent.; in 1895, seventy-three per cent.; and in 1896, thirty-six per cent. The year 1897 is incomplete; the first two months of 1897 show twenty-seven per cent. The balance, of course, went elsewhere.

Q. From the outports? A. Yes, sir. It shows a sharp decrease from 1894 on.

Q. Showing a decrease from eighty-five per cent. in 1891 to thirty-six per cent. in 1896 and to twenty-seven per cent. for the first two months of 1897? A. I do not think the first two months

make a good showing as those are the months when the lakes are closed.

Mr. Fairchild offered the table of wheat shipments in evidence; received and marked Exhibit No. 1, of July 17, 1899. The table is as follows:

Wheat shipments. (O. M. Mitchell.)

	New York, quarters	Per cent.	Outports, quarters.	Per cent.
1891	678,000	85	122,000	15
1892	658,000	89	85,700	11
1893	336,500	89	82,700	11
1894	425,500	89	85,100	11
1895	429,700	73	159,700	27
1896	380,100	36	658,800	64
1897*	29,500	27	77,500	73
Total	2,937,700	†70	1,271,500	†30

Q. Take the other table, of corn shipments and give the percentages. (Handing table to witness.) A. The corn varies. It starts in 1891 with seventy-five per cent.; the next year, 1892, it is forty-one per cent.; in 1893, fifty-eight per cent.; in 1894, seventy-one per cent.; in 1895, fifty-one per cent.; in 1896, twenty-nine per cent., and in the first two months of 1897, only twenty per cent. from New York.

Q. Showing a decrease from seventy-five per cent. in 1891 to twenty per cent. the first two months of 1897? A. Yes, sir.

Table as to corn shipments offered and received in evidence and marked Exhibit No. 2 of July 17, 1899. The table is as follows:

Corn shipments. (O. M. Mitchell.)

	New York, quarters.	Per cent.	Outports, quarters.	Per cent.
1891	64,500	75	20,900	25
1892	107,300	41	154,700	59
1893	112,700	58	82,000	42
1894	77,700	71	31,700	29
1895	249,700	51	242,800	49
1896	93,700	29	311,100	71
1897*	23,800	20	93,500	80
Total	729,400	†42	936,700	†58

*To February 28.

†Average.

Q. Now will you take this statement (handing table to witness), that you have made up since the last hearing; will you state the percentages of your shipments for the years 1897, 1898 and to the present time for the year 1899? A. The year 1899 here is made up to June 30th, which I think is perhaps just as well. It is half a year. The corn percentage from New York is fifty-six per cent. for the year 1897; for the year 1898 the percentage is fifty-seven per cent., and for the year 1899, to the 30th of June, the percentage from New York is sixty-two per cent.

Q. Take wheat? A. The wheat percentage in 1897 from New York is seventy-two per cent.; in 1898, eighty-one per cent., and for the first half of the present year eighty-eight per cent. Then we have enumerated here grain, other than wheat and corn, that is, barley, oats, rye, etc., which, in 1897, from New York was eighty-seven per cent.; in 1898, eighty-five per cent., and for the first half of this year eighty-three per cent., showing very little change.

The table last referred to was offered and received in evidence, marked Exhibit No. 3, of July 17, 1899. The table is as follows:

Corn shipments. (O. M. Mitchell.)

	New York.	Per cent.	Outports.	Per cent.
1897	4,499,000	56	3,572,000	44
1898	10,682,000	57	8,152,000	43
1899*	5,299,000	62	3,246,000	38

Wheat. (O. M. Mitchell.)

1897	9,118,000	72	3,475,000	28
1898	7,965,000	81	1,824,000	19
1899*	2,589,000	88	381,000	12

Grain and seed, other than wheat and corn. (O. M. Mitchell.)

1897	10,048,000	87	1,522,000	13
1898	6,825,000	85	1,163,000	15
1899*	3,186,000	83	636,000	17

* To June 30.

Q. Now do you ship to any extent from Montreal? A. Well, we have and we have not. Last year we did; this year we have done very little.

Q. How about the year before? A. Montreal is recent. Until last year we did not do very much. Montreal is reaching out for business and last year we did considerable from Montreal. I think we would do more this year if the lumber business was not very good. The barges get good rates for carrying lumber and prefer that kind of a cargo.

By the Chairman:

Q. Do they offer inducements at Montreal? A. In what way.

Q. Do they offer any inducement for you to have your shipments made by way of Montreal? A. We have made a good many shipments from Montreal. I do not know what inducement we have received. The question of rate might be one; the rates are all compared, we add them all together.

Q. For instance, Chicago is the center where my firm buys their raw material, and there are a dozen lines which compete and they make an inducement to me to ship by their line. A. Exactly.

Q. That is what I mean by inducement. A. What I mean to say is that the inducement has got to go through two or three hands. There is an inducement from the railroad, from the steamer, from the insurance company, and so on.

Q. You would not ship by Montreal unless you had an inducement? A. Not ordinarily; not unless I had grain there and could not help myself.

By Mr. Fairchild:

Q. I notice from the figures you have given that, although the percentage from New York, as compared to the outports, increased in 1898 to eighty-one per cent. from seventy-two per cent. in 1897, that the quantity you shipped from New York in 1898 was about one million two hundred thousand bushels less than in 1897. Does that represent the amount of your shipments from Montreal? A. I have not looked over that thing. I have not had

a chance to. It has just been finished. With regard to the shipments of 1898, that you refer to, I do not see anything in that except that we shipped less wheat.

Q. Does that show a falling off in the wheat shipped by you from this country, or does it show the amount you shipped from Montreal, that being the year you shipped from Montreal? A. We simply shipped less wheat.

Q. Is the explanation of your shipping from New York less wheat in 1898 than you did in 1897 because of shipments which went from Montreal or because you shipped less wheat? A. Because I did not sell so much.

Q. Could you state, in round numbers, how much you shipped from Montreal in 1898? A. I could not. I do not think we shipped much wheat. We shipped corn there in the fall considerably. I do not remember shipping very much wheat.

Q. Did you ship a million bushels, would you say? A. Very possibly. It is pretty hard to tell. I was friendly to freights in July and August and I took ocean freights from Montreal in October and November. They were offering cheaper rates when I filled those ocean freights. I shipped from Montreal but I think I eventually shipped corn. It is merely a matter of speculation the same as you charter a steamer.

Q. You are a member of the firm of Powers, Son & Company? A. Yes, sir.

Q. You are the active member are you not? A. There are five of us.

Q. You are one of the active members? A. Yes, sir.

Q. And that firm has an office here in New York, the Produce Exchange, and an office in London? A. Yes, sir; I have one partner here and three in London.

Q. Will you state what explanation you can give for the increase in wheat shipments from this port from thirty-six per cent. in 1896 to seventy-two per cent. in 1897, eighty-one per cent. in 1898 and to eighty-eight per cent. in 1899 to June 30th? A. Mr. Fairchild, I can not give you any reason for those variations, that would be satisfactory to myself. Like a good many other things

there are plenty of good reasons and perhaps one real reason. There are no doubt good reasons for those variations. It might be because of the demand or a thousand and one other things. If you will ask me any question I might tell you but there may be a dozen reasons.

Q. Understand my question. From 1891 to February 28, 1897, there was a uniform and steady decrease, according to these figures (referring to the table of corn shipments), from seventy-five per cent. until it reached twenty per cent. Taking the whole year of 1897 there was an increase so that the whole of 1897 was fifty-six per cent. which increased to fifty-seven per cent. in 1898 and to sixty-two per cent. in 1899, to June 30th. What conditions caused the change from that low water mark, resulting from a steady decline, continuing over a long number of years to steadily increasing shipments from New York year by year since and including 1897? A. Well, I really don't know that I can give you any reason that would be satisfactory. I can see reasons that might influence it; perhaps the demand has been almost entirely for spring wheat and spring wheats are more naturally tributary to the northern ports. I might give it to you that we have an elevator of our own in Buffalo which can handle grain from the lakes and would influence our business.

Q. When was that constructed? A. This is the second summer; it has been running for two seasons. That might influence our business, having our own house there we would naturally put grain there.

Q. That would naturally bring it to New York? A. Or Boston, yes.

By Commissioner Smith:

Q. What do you call your elevator? A. The electric elevator.

Q. The same one that Mr. Kneeland is interested in? A. We are partners in that elevator.

Q. Do you own it jointly? A. We own it together.

By Mr. Fairchild:

Q. Do you think that that would be an explanation in the case of Mr. Kneeland, and in the case of your firm, that your ship-

ments from New York for the past two years have substantially increased whereas other exporters, doing business in this city, have continued to show a decline? A. I do not think that that is an adequate reason; no.

Q. That would be a reason? A. Perhaps a good reason. I do not know whether it is the real reason. It might account for some portion of it.

Q. To what extent do you ship from Boston as compared to the ports south? A. We ship from Boston some years a good deal, lately we have shipped nothing. It is a matter of how rates are and what we are doing. Boston reaches only England; it does not reach the continent. If our business is to the continent we will ship from the southern ports, not from Boston.

Q. Of course, I am asking you to take the whole year round. A. Take the year round, if the continent, which some years buys wheat, was paying the best price for wheat, Boston would not get any; if the demand was in London or Liverpool she would.

Q. In the past year you have not done much business with Boston? A. I said lately, not since the spring.

Q. Take the years where your exportations decreased from New York's port, which of the out-ports gained the most of that? A. I should say that in wheat probably Boston gained the largest amount of it, and in maize probably the Chesapeake Bay ports.

Q. Are you a director of the International Elevator Company? A. I am.

Q. How long have you been a director? A. Two years, I should think; not more.

Q. How long have members of your firm been stockholders in the International Elevator Company? A. That I could not tell you. I know that some members have been stockholders for longer than I know about, for a good many years.

Q. They were stockholders in one of the old companies prior to the consolidation? A. They were stockholders before I was a director, I know that. How long before that I cannot tell.

Q. It has been testified here, by Mr. Truesdell, by Mr. Engs and

by Mr. Kneeland, I think by all of the exporters who thus far have testified before this commission, that a difference of one-eighth of a cent would be a sufficient difference to divert grain to another port. Would you coincide with the opinion of those gentlemen? A. A difference of an eighth of a cent in any identical trade would very likely do it.

Q. I am speaking now of your trade, the exporting of wheat. A. In specific cases it would, but I think it would adjust itself very quickly. I mean to say, in a specific case, if you had an offer of freight from New York or Boston, if it figured a quarter of a cent less Boston would get it.

Q. If you can save an eighth of a cent on a bushel of wheat or corn you would be sure to export it from another port? A. No, sir; not sure. I would in ordinary cases in the winter if I knew the wheat was in good condition. If there was any question of condition I would not risk an outport.

Q. To what extent would you state that the privileges given in Boston of free storage and free insurance have diverted grain from this port to Boston, where it has been largely diverted? A. If you mean to a large extent, I think it is a very large influence, especially in the fall of the year, because that comes when the lakes are about to close and you would naturally stock up with wheat for the winter. In such cases the inducement of free storage is a considerable item.

By the Chairman:

Q. How large an item? A. That depends altogether on the conditions of the market and what the carrying charges are, and so on. I mean that it is an item just what you can save.

By Mr. Fairchild:

Q. If it is twenty days it would be a half a cent, if your grain in Boston was stored for twenty days, and it would increase a quarter of a cent for every ten days? A. Provided where your wheat was. For instance, my wheat, if it was going to Boston, would be in Buffalo; there is a cent and three-quarters or two cents. It could not run up a half a cent every fifteen days.

Q. With your knowledge of the average extent to which the unlimited free storage in Boston would increase the advantage of getting the wheat to that port, take the year round, what would be the greatest advantage in the price charged at Boston over the one-half cent in twenty days, would it reach as much as four cents any time of the year? A. I do not know about that; I do not think it would. Boston always gets a higher rail freight. We have got to pay more to get our grain to Boston.

Q. But then it has cheaper ocean freights? A. Quite so; presumably the steamers pay the higher rate indirectly.

Q. Despite the differential in railroad rates in favor of Philadelphia, Baltimore and Newport News, Boston has not only been able to hold her own, where New York has lost, but she has shown an increase; in many instances receiving, instead of Philadelphia and Baltimore, the very trade that New York has lost. Would you say that that was caused by the advantage in free storage and insurance? A. That is an inducement. Boston has got a lot more steamers in the last few years. They have got new lines there and the old lines have put on larger boats. Boston has been increasing ever since I can remember.

Q. My question is, would you consider that what might be called a railroad differential, although taken in a different way, in the shape of free storage and free insurance, in favor of Boston, would, take the year round, be more of an advantage than the three cents per hundred pounds that has been in favor of Baltimore, Philadelphia and Newport News? A. I cannot answer that; I do not believe anybody can. That is the size of it. It depends altogether on what the demand is on the other side, whether Boston reaches it or not, and it depends on whether freight rates are high or low; it also depends upon what part of the year it is.

By Commissioner Smith:

Q. Every time you make a shipment do you take into consideration the rates from Boston, New York, Philadelphia, Baltimore, Newport News, Norfolk, Montreal and the other ports? A. Yes, sir.

Q. When you send it to Boston that is the most advantageous port? A. Yes, sir; but I might make a mistake.

Q. Have you made any mistakes that you have regretted? A. Yes, sir; we are bound to make them. The trouble in Boston is that each railroad works a particular steamship line. If I get my grain in Boston I can only ship to England; if I have it in Buffalo I can ship it to the continent.

By Mr. Fairchild:

Q. When you did not have an elevator in Buffalo, the free storage in Boston was a greater advantage to you? A. The elevator is not big enough to handle our grain.

By Commissioner Smith:

What is the capacity of your elevator? A. A million bushels.

By Mr. Fairchild:

Q. Since you did have an elevator in Buffalo, whatever advantage that gives you, to the extent of the elevator's capacity, the advantage of free storage in Boston is not as great to you in your business as it was before you had the elevator? A. Quite so. I think my business showing is rather peculiar. I think it is hardly a fair average showing of the business from the port of New York. I was not sure that it was a fair showing. It is my own business that it shows but I can quite easily understand how the business of other people may be different.

By the Chairman:

Q. Do you do business principally with the continental and Dutch ports or with the English ports? A. We have a great many continental connections and when the market is good we do a large business to the continent; we do our largest business to the continent. In years when maize is being exported we certainly do.

Q. New York has the best chance at that? A. Yes, sir.

Q. Also the Mediterranean? A. Principally all the Mediterranean steamers come here.

Q. You do not do any business with the continent through Boston or any other port? A. Through New Orleans and Galveston we can reach the Mediterranean sometimes.

By Commissioner Smith:

Q. Has that been decreasing as the tramp steamers have been decreasing in numbers? A. It is merely a matter of freights. These berth steamers have got to be filled first. When freight rates get high enough to make it an inducement the tramps are always coming.

Q. Is there a railroad connection in Boston for every steamship line? A. Yes, sir. That is, I do not mean every steamship line has got a separate railroad. They all go to a particular railroad except the Cunard line.

Q. Do they have freight ships there as well as passenger ships? A. Yes, sir; very large ones.

By Mr. Fairchild:

Q. One of the conditions that has changed favorably to New York within the past two or three years has been the enlarged tonnage of the berth vessels and the passenger vessels taking freight from this port? A. I think that has been the most important item.

Q. You would say that is one of the most important items explaining the change in your exportations so that they are increasing in favor of New York; have been in those three years? A. Yes, sir.

The witness: I think the most important item in our business is ocean freights and the fact that the tonnage from New York has increased so enormously is the most important item in my business.

Q. What other changed condition has occurred within the past two or three years lessening the price of wheat from this port, rather grain? A. Rail freights have averaged rather lower.

Q. Not compared to the outports, until recently? A. They have comparatively held the same until this year. The Buffalo elevation was a matter, there is five-eighths of a cent.

Q. The Buffalo elevation applies to all of the outports alike, does it not? A. It applies only to New York, Philadelphia and Boston; does not reach Baltimore or Chesapeake bay.

Q. Reaches Baltimore, I guess. A. Not satisfactorily. Erie reaches Baltimore; Buffalo does not.

Q. Buffalo is just about the same distance, eight miles difference. A. I never put anything from Buffalo to Baltimore.

Q. What other changed conditions at this port, favorable to the port, lessening the price of grain from this port? A. I do not know of anything else. The elevation rate is less. There is a quarter of a cent off from what it was three or five years ago.

Q. You are now speaking of the charges of your elevating company? A. Not my elevating company.

Q. Of the company in which you are interested? A. I am not even interested in it.

Q. That charge has been reduced within the past two years; you get larger rebates now than you did three years ago? A. I would not say the past two years. I should say that four or five years ago there was no rebate. For two years certainly there has been a quarter of a cent off.

Q. How much? A. A quarter of a cent.

Q. You get a larger rebate than a quarter of a cent now, do you not? A. I do not think so.

Q. I think you do. A. We may get three-eighths of a cent on oats.

Q. You get it on wheat don't you? A. I have not.

Q. You have been getting five-sixteenths on wheat? A. We may have got five-sixteenths but we have not had three-eighths.

Q. You are getting five-sixteenths now steadily, are you not? A. I could not tell without asking. My recollection of the rebate was three-eighths on oats and a quarter of a cent on grain. Whether it has been made five-sixteenths to cover both I do not know; if it has, that is the lowest.

Q. I saw some check stubs of the International Elevator Company to your firm of five-sixteenths rebate. A. Then you know.

Q. At any rate that larger rebate, that they have been giving

in the last year or two, is one of the changed conditions in favor of this port? A. I think so.

Q. Now, if the International Elevator Company should reduce that to five-eighths, according to your suggestion that one-eighth of a cent in price would be sufficient to divert grain to other ports? A. You recollect that I refused to say that one-eighth of a cent would divert grain to another port except in a specific case. Any cut you can get is a help.

Q. Any help you fail to get will help to divert grain, if you can get it at another port and not here? A. Yes, sir; certainly. I have paid more for elevation at the other ports myself, with the exception of Montreal.

Q. When you are going to ship grain and you have it at Buffalo, you find out what the price is in Philadelphia and that includes the charge for the elevation in Philadelphia? A. No, it don't. I have to engage the rail and take the elevation afterwards.

Q. The figures that determine the matter as to which port you shall ship from are usually the figures at which you can lay it down in Liverpool? A. Yes, sir; if I ship it immediately. If I put it in storage and wait before shipping, no.

Q. How long are you in the habit of having grain lay in Philadelphia? A. Last winter I had it there three months sometimes.

Q. How long do you have grain in Boston? A. We shipped grain from Buffalo in December and it stayed there until March; we shipped it during the month of December.

Q. That is over three months. A. Yes, sir.

Q. During those three months did you get free storage in Boston? A. I may have got some free storage.

Q. Did you get free storage for the whole time; did you pay any storage? A. I paid some storage.

Q. Could you tell from your books how much storage you paid on grain that was there three months, in Boston last winter? A. I might. I do not see why I could not tell from my books. I do not know whether I ought to tell. I did not make any money out of it.

By Commissioner Smith:

Q. We want to see if anything can be brought out which will bring the business back to New York. A. I know. I think to some extent the business is coming back to New York. I think that the ocean steamers, the ocean freight is a very great item in this business. Liverpool freights have been so this present year, within a year at any rate. I have paid ten forty-five, in cents, to Liverpool and I have shipped lots of grain at two and one-tenth cents; there is a difference of eight cents. The ocean freights are a big item, and the tendency is to build very large steamers and those very large steamers are built now as you very well know, the Hamburg line, the Bremen line and the Atlantic Transport line, to carry freight very cheap, also to carry passengers. They must come to New York if for nothing else than their passenger business. There is a certain amount of space for ocean freights. They can carry freight cheaper than the ordinary tramp steamer. Those boats must be filled before the tramp boats can get a share. Those things are a help to New York. I do not mean to say that there are not other things that can be remedied. I am very sure our business has certainly tended to increase in New York on account of those large boats.

By the Chairman:

Q. Do you ship to Antwerp? A. Yes, sir.

Q. Is it a good port? A. Very large market in our line.

Q. How do the ocean rates compare with the German ports?

A. There is not much difference. A boat going to Antwerp might save a little.

Q. Do you ship to London and then transfer to the Continental ports? A. No, sir; I think that is never done.

Q. It was in former years? A. Yes, sir. It has been done. I have been in a pinch where I have had to do it.

Q. What I wanted to find out was this, whether grain goes via Boston to London in order to get a cheap rate and is then transferred to the continent. A. I have never seen it done. Boston's great hold is Liverpool, not London. The transfer is too expensive. Liverpool is a long way from the continent.

By Commissioner Smith:

Q. As a result of your experience is it your own view that this change favorable to New York, is a permanent one or do you think it is temporary? A. I merely pointed out a tendency in favor of New York. I think that years will vary a good deal, taking into consideration the question of where the crops are grown in this country, whether our spring or winter wheat happens to be the best crop, whether corn is a failure, whether the southern states grow more than the northern states. There is certainly wheat that is more tributary to the Gulf and Chesapeake bay ports that we would have hard work to get.

By the Chairman:

Q. Does the canal cut any figure in your business? A. Comparatively little at present. We bring very little by canal.

Q. You ship by railroad? A. Nearly all by rail. We have some on the canal now, but we do not ship very much that way.

By Commissioner Smith:

Q. What is the objection to the use of the canal, what is the particular objection? A. The canal has been a hard thing to depend upon. You can never tell when the grain would get here. You have had to deal with small concerns and one day you can make an engagement, one day you can not. You can go to the railroad and engage a million bushels. You have got somebody to stand behind you; go to a canal boat and you have got a dozen boatmen. I would rather ship by railroad; I can then know where my grain is.

Q. It can be hurried up without additional cost? A. They will be obliging if they can do it.

By the Chairman:

Q. Suppose the canal were deepened and enlarged, and large companies, companies with large facilities created, do you think it would be an advantage to New York harbor? A. It certainly would if it was done right. I think perhaps it could be done.

Q. What, in your opinion, would be the best method to pursue with the Erie canal? A. Of course the trouble with the canal always is that it has limitations. The railroad and the steamship go on increasing, but there is no increase in the canal. You increase to a point where you can go no further. The best suggestion that I ever heard about the canal, I told Mr. Fairchild, came from Mr. G. W. Balch. Mr. Balch is the best-posted man I know of. His idea was that the canal ought to be made of a depth and size sufficient to handle steel barges that would carry three or four times what the present canal boats carry.

Q. Fifteen thousand bushels? A. Perhaps 25,000 to 30,000 bushels, I should think about 600 or 700 tons. He did not suggest that there should be anything but barges. You cannot afford to lay up expensive machinery. He also made another suggestion which I also thought very good, which was that those barges could be built at a cost that would to a large extent solve the terminal end of the business at this end, from the fact that they ought to be able to make money by storing the grain, and that they would have a cheap insurance. If you could bring grain by canal without transfer I think it would be very reasonable.

Q. In your opinion that would be an ideal canal? A. There is another point in favor of that idea. You know New York is the only port where the grain has to go to the steamer; every other place the steamer goes to the grain. Of course if you have grain afloat it is one transfer less to get it to the steamer.

By Commissioner Smith:

Q. The rate of storage is a quarter of a cent a bushel, isn't it?

A. Yes, sir; for ten days.

Q. That would be twenty dollars to store 8,000 bushels ten days? A. Correct.

Q. So the rate ought to be about two dollars a day to store it afloat? A. Yes, sir. Mr. Balch figured at that time that you could build these steel barges for about \$4,000.

Q. Of 600 tons? A. To-day they certainly cost very much more than that. The cost of steel is higher.

Q. Mr. Nixon, who built the steel barges for the Cleveland Steel Canal Boat Company, told me that they cost \$7,000 a piece and they are only of the present size of the Erie canal. A. Of course Mr. Balch was talking when steel was only half its present price. He based his figures on that.

Q. It would not cost a cent less than \$10,000 to build a barge like you speak of. A. Take \$10,000, I do not see why they could not make money.

Q. At four dollars a day? A. They would carry 600 tons, that would be three loads.

Q. Two hundred and fifty tons to a load? A. Two hundred and twenty tons to a load.

Q. They always carry 250 tons down, never less than 240. A. I meant 220 tons to 8,000 bushels; in other words it would be six dollars a day.

Q. You think that would pay? A. I do not know whether they would get rich at it. We are not looking so much as to whether it would pay directly but indirectly, and take care of itself in the meantime.

Q. Why not build them of wood, would you advise that they go on the lakes? A. I think there is a good deal in his suggestion; I think the steel barge idea was a good one. Whether he meant that those barges would be towed all the way down and not break bulk in Buffalo I am not sure; I am not sure which he meant.

Q. You have not thought about it enough to know whether it would be advisable? A. I was wondering if he was in the city.

Q. He has not been in the Exchange for two or three years. A. I have seen him within two months.

Q. Is he doing an active business here now? A. Not at all. He is in New York often. He takes an interest in all business. He is not in active business. It is out of my line of business. I am merely giving you the suggestion made to me. I am not

an expert; I am not competent to say whether it would pay to have a canal.

By Mr. Fairchild:

Q. You made a statement a short time ago which I think you want to qualify. You say in all other ports the ships go to the grain. That is not true in Boston is it? A. It is true inasmuch as they go to the grain in Boston.

Q. The grain comes to them at their docks no more than it does in this port. If you ship grain to Boston and it went to the Fitchburg dock, you would have to ship by the particular steamers that come to that dock? A. Yes, sir; quite so. What I meant is that in Boston the steamer goes alongside the car and here it does not.

By the Chairman:

Q. Does the passenger steamer also? A. Any steamer down there except the Cunard line.

By Mr. Fairchild:

Q. The berth steamers take grain from Boston. You say there is no cargo business in Boston? A. Practically none.

Q. The berth steamers that take grain in Boston do not go to the different docks and get that grain, do they? A. No; they go to the railroad's own dock.

Q. And the grain must be received at that dock for that steamer and steamers of no other line? A. No; there are probably three or four lines which go to one dock. Each railroad may have three or four lines of steamers.

Q. There is no case in Boston where those steamers will leave in order to get your grain, its own regular dock and go to any other dock? A. It is exceptional; I have had them do it.

Q. So it is equally true, there as here, that the grain is taken to the ship and not the ship to the grain, although in Boston it is taken by the railroad to the ship and here it is taken by lighter? A. You may look at it that way, but I do not. The steamer goes

to the grain; the steamer goes right alongside the grain elevator the same as they do at the Erie elevator.

Q. In Boston a steamer goes to its own dock and whatever grain it receives, it receives at its own dock? A. You may say so, if you want to, but it is the railroad's dock.

Q. It is the dock that the steamer uses she has no other dock? A. No; that is quite so. She goes to that railroad; she does not go to any other railroad.

Q. How about Philadelphia, isn't it a fact that they have, within recent years, constructed what they call a belt road in Philadelphia, because these large steamers will not receive grain at any dock except the dock at which it usually arrives? A. I am afraid I can not tell you about Philadelphia. I load full cargo steamers and they go where I tell them to go. I understand the steamers go to the elevators but I will not swear to it.

Q. I understand you that, as these modern steamers increase in capacity, the cargo steamers are rapidly becoming a thing of the past? A. I did not say so.

Q. What did you say? A. I said that they could not compete at the low rate on grain. It is only when these steamers are pretty well filled that they can manage to compete. If the rates are high they come here.

Q. They take the grain after the berth steamers are filled up? A. They do not have to accept as low rates as the berth steamers. They are a freelance and can go where they want to. In the case of berth freight you can depend on these steamers as you know just how long they will take to go to Liverpool and they have got to come here. Then there are other steamers that take freight very possibly to those identical ports. If the berth vessel is filled, or very possibly you wish to ship to other ports, to which there is no regular line, it takes some sort of an inducement, unless a steamer is stuck out here, to get an outside steamer to take your grain. If she can get any more for cotton or sugar she will take it.

Q. Is it not a fact, that the amount of business done by the cargo vessels has been diminishing as the sizes of the regular

liners have increased? A. I think so; it must. Excepting the last year or two the business has been big enough for both of them. The smaller boats get lost; there were ten lost in one storm last winter and they were not replaced.

Q. As those conditions change year by year, with the berth steamers only receiving freight at their own docks, increasing in size and receiving more and more of the freight, and the cargo steamers, which will go to any place to receive their cargo, very diminished in numbers, then, as I understand you, New York receives more and more of an advantage because of the large liners at this port? A. I look at it that way. If you will pardon me Boston is also increasing in the same way. I do not know about Baltimore. Boston has larger steamers.

Q. In view of those conditions, more and more freight being carried by the larger steamers, year by year, then the amount of grain at each port that is carried to the steamer, instead of the steamer to the grain, increases, and the only difference between the ports is as to the different methods of getting that grain to those berth steamers. A. So far as I know, in other ports, the steamers go to the grain. So far as I know they do.

Q. They do not in Boston, you admit that. A. I did not.

Q. You say there have been only exceptional cases where the steamer goes to other docks than its usual dock? A. I admit that.

Q. When you take grain to Boston by the Fitchburg road, you can not ship it by any other lines than the lines that come to the Fitchburg dock? A. They come there for it.

Q. Whether they get those docks by lease or not, those are the docks used by those lines? A. Yes, sir.

By Commissioner Smith:

Can you order a vessel to a certain dock in Boston? A. No, sir.

By Mr. Fairchild:

Q. You can not do it any more than you can in New York? A. No.

By Commissioner Smith:

Q. You have had them do it? A. Yes, sir.

By Mr. Fairchild:

Q. Those are exceptional cases? A. Yes, sir.

Q. The difference is that in Boston you carry the grain to the ship by one method, the railroad taking it to the elevators and the ships taking it from the elevators, and at this port you carry it by lighters to the ship and the floating elevator puts it in the ship? A. There is one more handling here than there.

Q. That is really a difference of method, and not as you suggested? A. I think you can illustrate that much better by saying the ship goes to the elevator.

Q. Are you interested in any steamship lines? A. No, sir.

Q. Do you know how much floating elevator stock is held by the members of your firm combined, including Powers? A. Including Powers? I do not know what you mean.

Q. Isn't there a large amount of stock held here by the old members of your firm, Powers, Son & Company or the estates? A. I think my senior partner owns considerable stock; whether any one else does or not, I do not know. He certainly owns some stock.

Q. A considerable amount of it? A. I would not say; I think not.

Q. Is it not a fact that one of the changed conditions, favorable to the price of grain through New York's port, has been the saving of half a cent in lighterage from the Brooklyn warehouses to the ship? A. That is hardly had a test yet. There has been very little grain in there since that was done. I think it will be a saving.

Q. There are times of the year when it will be more important? A. When that was started there was not much grain in the houses. It is a comparatively new thing.

Q. Has any member of your firm any interest in the Brooklyn warehouses? A. No, sir.

By the Chairman:

Q. What is the price of transferring grain in this port? A. As I stated, a cent and an eighth, less one-quarter or less three-eighths; five-sixteenths you say our average is. A cent and an eighth, but a quarter of a cent has been understood for some years as a rebate.

Q. Do you know that there is a law on the statute books which gives the legal rate? A. I only know what I have read in the papers. When that law was passed I was in the West and I was not a director until long after that in the company.

Q. You have heard of the law and the price? A. Yes, five-eighths.

Q. You say you get a rebate of a quarter. That means a quarter of a cent unaccounted for, your firm paying a quarter of a cent more than the legal rate? A. I have never accounted for it. I am perfectly willing to tell you what I know.

Q. I want to know why you pay a quarter of a cent more than the legal rate? You need not pay it according to the law. A. Because everybody has done it; it is the rate.

Q. I am asking why you pay that quarter of a cent above the legal rate. There is a law on the statute books which you say you have heard of which says you shall pay five-eighths. You pay seven-eighths. A. Yes, sir.

Q. And you need only pay five-eighths? A. Yes, sir.

Q. Why do you pay seven-eighths? A. I pay seven-eighths; I have got to pay seven-eighths.

Q. The law clearly says five-eighths? A. You mean to say why don't I go to law about it?

Q. Why do you pay seven-eighths? A. That is a pretty hard question to ask me. I do not know how to answer it.

Q. I have propounded that same question to other witnesses here and they have answered it. A. When I took up this business the rate was a cent and an eighth, without any rebate. That law was certainly passed before that. That was five years ago and the law must have been passed before that. The rate was a cent and an eighth when I came back from the West. Since then

I have been shipping for a quarter less. I have not had any complaint to make. I have taken things as I found them.

Q. What surprises me is that the trade, in fact that this exchange, should pay more than the legal rate. I think if that were true in our trade we would kick. A. I was not here when that law was passed. I understand there was a movement at that time for lower rates. Everything has changed hands since then. At that time it was estimated and figured that they could not do business for five-eighths, and, as I remember, they were not asked to.

Q. Why didn't they change the law? It has been on the statute books a good many years. A. I think you ought to ask somebody besides me. You have asked the different shippers and you did not get a satisfactory answer.

Q. Yes, we did. Mr. Bingham said he was compelled to and had an interest in getting a dividend afterward? A. It does not seem so to me. It seems to me that perhaps the elevator company has got more interest in increasing the amount of grain shipped from New York than any of us. We can do business from the outports and they can not. I know enough about that from my own elevator in Buffalo; it makes a difference what we carry. I do think that the management of the elevator company, Mr. Burgess particularly, would look at the thing in that way, that their interest is identical with ours.

By Commissioner Kelly:

Q. Are they running full all the time? A. Not running full? I would rather you would not ask me that. I do not know what they call running full.

Q. Are not their elevators engaged all the time? A. I do not know. It is a business where you have got to put an elevator on and wait two or three days for the grain.

By the Chairman:

Q. Do you have any knowledge of what it costs to elevate the grain? A. No; I think it would depend very much on the amount of elevating done.

Q. The average amount of business that is done here? A. I have no knowledge about that.

Q. One witness stated that he thought it was possible at five-eighths of a cent to make a profit? A. I have no figures.

Q. You simply pay a quarter of a cent right along? A. Yes, sir.

By Commissioner Shayne:

Q. Your firm participates in the profits, being members of the company? A. I think one of my partners only, not my firm.

By the Chairman:

Q. Is it an individual stock? A. Yes, sir. Our firm has no stock as a firm. I think my senior partner has a certain amount.

By Mr. Fairchild:

Q. You have a few shares? A. They are in my name, yes, sir.

Q. I suppose in your name to qualify you as a director? A. Yes, sir. I mean to say that there is very little or almost no interest in our firm, as a firm.

By the Chairman:

Q. You are quite sure that a quarter of a cent is quite an item against the port of New York? A. A quarter of a cent is a quarter of a cent any way you can get it; no doubt about that. I am one of those people whose business in the port of New York is not decreasing.

Q. There are things that do mitigate against New York's port, and no doubt very strongly? A. I have paid elevation in Boston and Baltimore, a cent and a quarter.

Q. No rebate? A. I have never got any. I got a quarter of a cent on some oats once.

Q. Why do you ship then where you pay a cent and a quarter when you only have to pay seven-eighths here? A. It is a question of adding the whole thing together, that is all.

By Mr. Fairchild:

Q. Did you ever get a cent and a quarter rate yourself personally from Philadelphia? A. I do not ship from Philadelphia, ex-

cept through people there; in other words, I give them the grain and they ship it.

Q. You are speaking of Boston? A. Yes, sir.

Q. Whenever you figure the price to your grain, in shipping by way of Boston, do you get a separate figure of a cent and a quarter, or do you get a figure that includes that from somebody else? When you send grain there, do you take that into consideration? A. Yes, sir: of course I do.

Q. Who gives you that figure? A. It is understood. I have got to pay so much rail, so much elevation, so much ocean rate. I may take a through rate which will cover all.

Q. Don't you usually do it that way? A. No, sir. When you put grain in Boston, speaking now of the storage of grain, you pay the rail rate; when you ship it out you pay a cent and a quarter for elevation.

Q. Isn't it a fact that most of the grain that goes through Boston is through grain? A. I do not know. You were speaking of free storage. If it is storage grain it is not through grain and storage is quite an item.

Q. Suppose you ship grain from your own elevator in Buffalo, and you are going to take it to Liverpool, do you have to figure on the cent and a quarter, or do you get a rate from somebody else who figures on the cent and a quarter? A. If I am going to ship grain directly to Liverpool, I should probably ask the Boston line, either rail or ocean, to get together and give me a through rate; if I wait to ship it, after I get it to Boston, I take merely the rail rate at that time, afterwards paying the cent and a quarter elevation and whatever the ocean rate may be. In lots of cases I can show you checks paying for elevation at a cent and a quarter.

Q. Do you ever get a rebate on that? A. No rebate. I did get a rebate on oats once; I paid a cent.

By Commissioner Smith:

Q. How long have you been in this business? A. In what way? I have been in it since I was a boy. I have been a member of this firm over five years.

Q. Were you in this grain business before you went with this firm? A. I was with this firm as a clerk for several years; then I was in the west several years.

Q. How long have you been in the grain business? A. Fifteen years, quite that.

Q. You went at it as a boy? A. I was nineteen.

Q. You say you have an elevator in Buffalo? A. I am interested in one.

Q. Electric elevator? A. Yes, sir.

Q. Before that elevator was built what was the particular inducement for your building an elevator in Buffalo? A. It was partly the reason that I wanted to carry it in Buffalo because it is better than the seaboard and we had not been satisfactorily carrying grain in a wooden house; another reason was that Buffalo elevation rates were too high.

Q. When was your elevator completed? A. A year and a half ago.

Q. Was it in use in 1897? A. I think we got it ready in November. We put in some corn the latter part of the season.

Q. Just a small end of it? A. We got grain in there; probably got some grain in there for the winter; we accumulate grain before the lakes close.

Q. Have you a railroad connection? A. Connect with every road.

Q. How do you do it, by a belt line? A. There is a belt line which connects with every line, the Buffalo Creek road, but every elevator is not in it.

Q. Did you get anything for elevating grain last year? A. Yes, sir; something.

Q. Did your elevator pay last year, pay its expenses? A. I think we made something; the elevation rate was not cut all the year.

Q. How long a time was it cut? A. It was cut the first part of the year; during part of the year it was done for nothing and then for five-eighths. My recollection is that we started in at about five-eighths, went to nothing and then up to three-eighths.

Q. How long a time was it nothing? A. I should think two or three months. I did not do much when it was nothing.

Q. You only did business when something was paying. Can you say as to what the average rate was on what grain you did elevate, what the average rate you received was? A. I could not; I made several contracts ahead for five-eighths; I saw the cut coming.

Q. Is there anybody in Buffalo can inform us what the average rate on the grain you elevated was? A. Mr. Kneeland could tell you better about that than I.

Q. Do you think there is anybody in Buffalo who could tell us? A. We have got an office in Buffalo.

Q. Have you any idea as to what is the lowest paying rate for elevating grain at Buffalo? A. No; I have no figures. I should think the elevators there could make money. A good elevator ought to make money at a half to five-eighths of a cent, because that is a business where the steamer goes right alongside the house, takes the whole thing out in a day and there is no great expense to it.

Q. What is the cost of a million bushel steel elevator approximately? A. I do not know what they cost now.

Q. Do you think the grain can be elevated in the port of New York as cheaply as it is in Buffalo? A. If it was done the same way I think it could. You cannot do it here.

Q. Do you use the Erie elevator at all? A. I have some, but not lately. When we bring grain down the Erie road we use the Erie elevator.

Q. You do not bring much that way? A. At times.

Q. You do not ship by the Erie road to get the benefit of the reduction in elevation? A. We have not shipped any in a couple of months.

Q. Do you consider the low rate for elevation at the Erie elevator in shipping grain this way? A. It might be a factor if we had vessels that could go there. It would only be a factor in specific instances.

Q. You do a large business in grain? A. Fair.

Q. Did it ever occur to you that it would be profitable for you to own your own elevators in this port? A. I thought about it before we built in Buffalo.

Q. Did you ever consider the matter of building floating elevators here for your own business? A. No, sir.

Q. What do you think about it now? Do you think it would pay? A. I do not know enough about the business. I would not want to try it.

By Mr. Fairchild:

Q. You are a director of the company that is doing the business? A. Yes, sir.

Q. When an arrangement is made for the amount of rebate that the International Elevator Company will give your firm, what member of your firm usually makes that arrangement for rebate? A. If there is any arrangement made I would probably make it.

Q. Sometimes you get a rebate on a certain amount and sometimes a different amount—it isn't always the same? A. It has been always the same since there has been a rebate. I have not made an arrangement in I don't know when. Our arrangement has been, as I recollect it, one-quarter of a cent on grain and three-eighths on oats. I understand that while I was in Europe it was made five-sixteenths. You have told me that.

Q. If the International Elevator Company arranges to give nearly every firm exporting from New York three-eighths rebate, and your firm only five-sixteenths, what member of your firm would have made that arrangement for five-sixteenths and consented to receive less rebate than is given other members of the Produce Exchange? A. I would. In this instance I did not because I was not here.

Q. Don't you know as a matter of fact, that the International Elevator Company, at the present time, is giving nearly every exporter from New York three-eighths rebate and giving your firm only five-sixteenths? A. I do not know it. I am glad to know. It seems as though I have been asleep. Why didn't you tell me that a good while ago?

Q. Can you explain this, why it is that upon the books of the International Elevator Company, where they enter the orders for elevating grain coming to them from the different exporters, that in the case of every exporter except your firm, exporting from New York, the name of the exporter is given, but whenever it is an order from your firm the initials "O. K." are given? A. I do not know. You will have to ask them. I could not tell you very much because many of those things are guesses. There may be a reason and there may not be.

YALE KNEELAND (recalled).

YALE KNEELAND, recalled, testified as follows:

By Commissioner Smith:

Q. With regard to this elevator in Buffalo, how much business do you recollect that you did in 1897? A. The elevator was not built in 1897.

Q. Oh, yes. Mr. Mitchell says that you got in at the tail end of the season, perhaps in November or December. Do you recall how much you did? A. We simply took in about a million bushels of corn for the reason that we wanted to test it. We wanted to take in one kind of grain and spread it all over at an equal depth all the time so as to test it.

Q. It was not a regular business? A. No business at all.

Q. Before you had your elevator completed or at the time of its completion, did you enter into an arrangement with the Buffalo Elevating Association to elevate at seven-eighths of a cent? A. No, sir; we had no arrangement at all of any kind. We simply bought the grain, ordered it to Buffalo and unloaded it into the elevator.

Q. In 1898 did you attempt to make an arrangement with the pool to charge a certain specified rate? A. At the beginning of 1898 the elevators all tried to charge five-eighths of a cent a bushel and that lasted about a month. They found they could not hang together on it; could not make any satisfactory arrangement between themselves. The result was that the rate crumbled away so that the business was handled free.

Q. Was the reduction all at once? A. I think the reduction took the form of handling grain free.

Q. How long did that continue? A. Through the entire summer and all through the fall. There was a period along late in the fall when Buffalo was over-crowded with grain and some of the elevators insisted on making a cent or something.

Q. Do you recall how much grain you elevated that year, 1898? A. Last year I think we handled something like 12,000,000 or 13,000,000 bushels. I think so, but I am not sure.

Q. Did the amount of elevating that you did and the rate you received prove profitable to your elevator? A. I don't think I can answer that, because I do not know what was received for elevating.

Q. Could you say the average rate you received? A. I think it paid all right as far as the elevating was concerned during the first month when we were getting five-eighths, but later on in the year I am pretty sure that the simple handling of grain for an eighth of a cent could not pay.

Q. I would like to know if the 12,000,000 or 13,000,000 bushels you elevated, if your total business for the year showed a profit or a loss. A. I think we figured that there was a profit in it at the end of the year, but I do not think you could attribute it to elevation at all. I think if your committee saw fit to assume from what I have said, that the rate of elevation at that low price paid any profit to that elevator, you would be assuming what was not the fact.

Q. What would you say would be a fair rate to make a profit? A. It depends a good deal on what sort of a movement of grain there is and what kind of a machine you have got.

Q. What did your elevator cost, approximately? I don't want to know exactly, we can find out what such elevators do cost, but you can tell us about what yours cost, a million bushels capacity. A. Just the elevator alone, somewhere about twenty cents a bushel.

Q. A little over \$200,000 for the elevator? A. Yes, sir; as I recollect it was more than that.

Q. Not \$300,000 was it? A. No, it was not as much as that.

Q. Between \$200,000 and \$300,000? A. I should say so, at a rough guess. It was built when the price of steel was a cent a pound; it is almost three cents now.

Q. We are going to Buffalo soon, and while in Buffalo we desire to know some particulars regarding the cost of running your elevator. Could we find it out there? Is there anybody to whom we could go who would have the right, who would enable us to find out the cost? A. The books of the elevator are kept there to a certain extent.

Q. Showing the cost? A. I do not know that entries have been so made as to show the cost of running the elevator.

Q. Your pay-roll, your coal expenses. A. We do not have any coal expenses.

Q. The cost of your electric light, all the items of expense are kept in your books up there? A. I think so; yes, sir.

By Mr. Fairchild:

Q. When you testified that during one year, a given year referred to by Commissioner Smith, you thought your books showed a profit and then followed it up by saying that you could not make a profit at one-eighth of a cent; is there any source of income the elevator receives other than the charge for elevation? A. That elevator is practically in the grain business, when there is any money to be made in the business. That corn that was carried there was carried for its own account.

Q. You charged up, as to that corn, a certain amount in favor of the elevator? A. In this particular instance the elevator bought the corn, paid for it and sold it at a premium.

Q. That profit you figured in the profit of the elevator? A. Yes, sir; you could not separate those things.

JOHN C. SEAGER.

JOHN C. SEAGER, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. What is your name? A. John C. Seager.

Q. You are a member of the Exchange? A. I am.

By Mr. Fairchild:

Q. Where do you reside? A. New York city.

Q. What is your business? A. Steamship agent.

Q. How long have you been in that business? A. Twenty eight years.

Q. Are you or have you been the agent of steamship lines that docked at any particular docks in the city of New York? A. I have had several.

Q. Have you ever been the agent of any steamships that docked regularly at what are known as the New York Central docks at Sixty-fifth street? A. I have.

Q. Do any of them dock there now? A. No, sir.

Q. How long since you have docked there? A. Since the one cent a bushel charge was put on; I think it was in 1882.

Q. That is what is known as the one cent arbitrary charge? A. Yes.

Q. What were the rates before that at the New York Central elevators? A. The rates paid?

Q. At the New York Central elevators, what were the charges before the one cent arbitrary was imposed? A. I can only speak of what the steamers paid. The steamers paid then what they pay now, as far as trimming is concerned. The owner paid two dollars a thousand for trimming.

Q. Receiving it in the boats? A. The ship paid two dollars a thousand for trimming and the railroad collected it. They furnished the men for it.

Q. That is the same charge that is now made and it is simply the amount they paid the men? A. Yes, sir.

Q. Will you state whether since that arbitrary charge of one cent has been imposed by the New York Central you have had any ships go to those docks? A. I have never had any for grain.

Q. Will you give the names of the ships that did dock there, up to the time of the imposition of the one cent arbitrary charge? A. I used to dock the Beaver line steamers in the winter and the Leland line which runs to Liverpool, and which used to run from Boston to Liverpool. I had some other boats loading here for

about six months. I had the Twin Screw line loading regularly for London. I had any quantity of tramp boats.

Q. What were the lines that chiefly loaded there? A. The Leland, the Twin Screw and steamers which we used to put on berth.

Q. About what were the sizes of those steamers? A. Four thousand tons of cargo.

By Commissioner Smith:

Q. What would be their draft of water? A. Some 24 feet, some 25 feet; others 22 to 24 feet. The Hooper drew 26 feet.

By Mr. Fairchild:

Q. Was the imposition of the one cent arbitrary charge the only reason that drove those steamers away from that dock? A. Yes, sir, it had a very peculiar effect. It had a very strange effect on the steamers loading there.

Q. Did you ever have the experience, immediately after that one cent charge was imposed, of having grain merchants secure the elevation of their grain by a floating elevator being brought from a long distance, instead of by the New York Central? A. I was placed in this ridiculous position. While my steamers were alongside the New York Central elevator "B," and I required grain for Liverpool and also for London, it was cheaper for the merchants by half a cent a bushel to send their floating elevator from Brooklyn alongside my steamer at elevator "B" and have the spouts of elevator "B" run to the canal boat and then have the floating elevator transfer it to my steamer, than to have the spouts of the elevator going straight into the hold of my steamer. I then withdrew my steamers.

Q. Where did the steamers then go? A. Brooklyn.

Q. Did they all go to Brooklyn? A. No, sir; I have several steamers that go wherever the grain is. Others go to a regular fixed dock.

Q. Did any of them leave here and go to other ports? A. The Leland line returned to Boston and has stuck to Boston since.

By Commissioner Kelly:

Q. What about the Beaver line? A. They withdrew coming to New York; they went to Portland in the winter time because the Beaver line only used to run to New York during the winter while the St. Lawrence was closed.

By Mr. Fairchild:

Q. You are entirely familiar with the process of elevating grain from a boat into the steamer, each process including the weighing? A. I am not an expert. I am only familiar with what the steamer pays them, whether the work is done properly or not, which is the trimming.

Q. Is the trimming ever done by the steamer? A. No, sir; the elevators do the trimming and charge us two dollars a thousand.

Q. Could the steamers do it any cheaper than that if they were allowed to do their own trimming? A. I would like to see them do it themselves. I think they could do it for less money. If I was going to pay two dollars I would like to see two dollars worth of labor put on it.

Why is it you are not permitted to do your own trimming in your own steamer? A. It has been the custom at this port to equalize it. As the floating elevators used to attend to the trimming, the railroads took it upon themselves to see to it.

Q. Is that not customary in other ports? A. It was not in Boston and it is not in Baltimore.

Q. In Baltimore the steamers do their own trimming? A. They do.

Q. Do they in Boston? A. I do not know if they do now; they used to do it.

Q. Are you acquainted as to Philadelphia? A. I pay only the bills I do not know how the workings are.

Q. Are you familiar with the cost at Baltimore to the ship, where they do their own trimming? A. They charge two dollars and there is generally a return to the ship of quite a nice little bonus.

Q. Out of the two dollars? A. Yes, sir.

By Commissioner Smith:

Q. What is the bonus, what proportion of the two dollars? A. I can not state exactly. I know there is a bonus.

Q. Couldn't you give an idea of the amount? A. I should say fully fifty cents.

By Commissioner Kelly:

Q. Don't you know, as a matter of fact, what is the net cost to the ship for trimming at Baltimore? What do you estimate in the port charges for the elevation of grain at Baltimore and the net cost of trimming; that is, as it is done in Baltimore? A. I am not quite certain except that I know a clause in the Baltimore and Philadelphia charter provides that the stevedoring shall always be approved by the charterer. We do not have that here.

Q. You do not know how much that return is? A. I could find out but I have not got it right off now.

By Mr. Fairchild:

Q. Why is it that the steamer people receiving the grain at this port can not compel that they be allowed to trim their own ship? What is the reason that one of your steamers can not compel whoever is interested to allow the steamer to do its own trimming? A. No one would give them the grain unless they did what was customary at this port.

Q. If you arranged with a grain exporter to export grain on one of your own steamers, and you would say to him "If you will allow me to do my own trimming, I will only charge you one dollar, or a dollar and a half a thousand," he would not let you do it? A. No, sir.

Q. And you can not explain it except that it is customary at this port? A. No, sir; except that it is arranged here as a port charge, that they should do the trimming.

Q. And that is one of the elements of an arrangement that includes the railroads, the Brooklyn warehouses and the floating elevator company, and all charges are arranged so that, no mat-

ter which way you do it, it will be the same and the merchants conform uniformly to those rates? A. I remember when elevators "A" and "B" were put up. Before Twombly's time we did the trimming at first. Then they said "Well, as it is customary with the other elevators in New York to do the trimming, we consider it is our duty to do the trimming and charge you the uniform rate, like in Boston or in Philadelphia, two dollars. Boston charged a dollar and a half and then it went down to something or other under that price because there is a return. It is done sub rosa. I, as a ship broker, don't know what it is, but the merchant has a way of finding out himself these little arrangements.

By the Chairman:

Q. The merchant is willing to pay two dollars? A. The owner pays two dollars. The owner says, "If it can not be done for less, charge two dollars, charge three dollars, but we want to see it properly done. If the labor is put in there and it does not amount to two dollars, the owner can not object, but sometimes it is not properly done. That is the only objection I have.

Q. That is because the labor in this port is higher than it is in Baltimore? A. It might be so.

Q. You can not compare labor in Baltimore and New York labor; it is at least ten per cent. higher here? A. Possibly that may make a difference.

Q. If you were permitted to do your own trimming, would you do it with your own men or with longshoremen? A. No, I would employ trimmers.

Q. You do not know what wages they receive here and in Baltimore? A. I do not think they get too much.

Q. Is it much of a skill? A. It is a skill in trimming a cargo. There is a certain risk in not doing it properly.

Q. Is it under the directions of the officers of the ship? A. Yes.

Q. If it is not properly trimmed they are responsible? A. They may go to the bottom.

By Commissioner Kelly:

Q. Isn't it done under the direction of the underwriters? A. The underwriters give them a certificate that the ship is stowed but sometimes you load a steamer so quickly, say load a steamer of 4,000 or 5,000 tons in twelve hours, that in twelve hours the grain settles and, if not properly trimmed it will shift.

By Mr. Fairchild:

Q. Could the steamers do their own elevating, that is, have elevators, floating elevators of their own? A. Certainly if they were allowed to use them.

Q. If they were allowed to use them, would the steamships, or any of them, be apt to have floating elevators of their own? A. I think they would, without doubt. The important lines.

Q. With the exception of grain, the ships do all attend to placing the freight in their own ships themselves. Is that not so? A. Most of them are doing their own stevedoring now.

Q. So that grain is an exception to the general rule of freight, where the elevating into the ship is done by another concern? A. Yes, sir.

Q. And in your opinion you believe that the steamships, if they were allowed to, would do their own elevating? A. It just depends on how important the lines of steamers are.

Q. The important lines would do their own elevating? A. I should suppose they would, for a good remuneration.

Q. As to the remuneration, what would you consider a proper charge for elevating grain, a maximum charge for all services performed? A. That is out of my province. I have not gone into it closely enough as far as the cost of handling a floating elevator is concerned.

By Commissioner Kelly:

Q. I remember a time when you probably freighted more grain out of New York than any man here. Would you, if you could have a floating elevator to handle your own business, consider it an advantage if you could get the grain? A. If I was allowed to

load my own grain I think it would be an advantage. I am talking as an agent of a line of steamers. The steamers I have now are not carrying the grain.

Q. You do not carry as much grain as you used to? A. No, sir.

By Mr. Fairchild:

Q. If you say that the steamers would prefer to do their own elevating, and would consider it an advantage to do their own elevating, then you must have some opinion as to the present charges at this port? A. As I previously stated, if I was handling a large line of steamers at this port for loading grain, as I have heard that floating elevator stock is remunerative, I should propose building elevators.

Q. Are you familiar with the charges of the Brooklyn warehouses? A. On grain?

Q. Yes, sir; on grain. A. You are referring to grain only now?

Q. Yes, sir. A. They charge our steamers always two dollars a thousand for trimming.

Q. Not only as to grain, are you familiar generally with the charges of the Brooklyn warehouses? A. On tonnage?

Q. Tonnage, wharfage privileges, docking, etc. A. Yes, sir.

Q. Do you consider those charges reasonable or excessive? A. I consider the wharfage charges, that is, for what they call private covered docks, too expensive. The excessive charge for covered docks diverts a great many steamers from the port.

Q. You are now referring to the charges of the Brooklyn warehouses? A. The Brooklyn warehouse charges for covered docks.

By Commissioner Kelly:

Q. The wharfage charge, as compared with the legal rate for wharfage? A. The legal rate is a State act, two cents a ton for the first 200 tons and half a cent a ton after.

By Commissioner Smith:

Q. That is for an uncovered pier? A. Yes, sir.

Q. There is no State act for a covered pier? A. It is private property; a game of poker to get one.

By Mr. Fairchild:

Q. As there is a legal rate that they can not exceed for uncovered piers, they impose very heavy charges for covered piers?

A. No, that is not correct; most merchandise coming to this port requires a covered shed.

Q. As they can not exceed a certain rate prescribed by the statute for uncovered piers, they impose what you call an excessive rate for their covered piers? A. Yes, sir; there you are right.

Q. And that excessive rate drives ships to other ports? A. That excessive tax, higher than at adjacent ports, drives trade away from New York; drives the steamers, if you like, away from this port.

Q. Is there any item of charge, whether on grain or any other merchandise, at the Brooklyn warehouses that you would consider an excessive charge, other than the charge for covered docks? A. We steamship agents only come in contact with that. There is also a charge which they call wharfage on cargo.

Q. Explain that. A. A charge which they call wharfage on cargo, so that the steamship owner not only pays the hire of a dock, but the receivers of the cargo are taxed for wharfage on merchandise.

By Commissioner Kelly:

Q. Have you any idea of how much they are taxed? A. Five cents a ton. I think.

Q. Are you sure it is not thirty-five cents a ton on some kinds of merchandise? A. I do not know.

Q. Have you ever had steamers come here with bag sugar? A. From the far east?

Q. Far east or far south, West Indies? A. I have.

Q. Do you know anything about the wharfage charge upon the merchandise in that case, in addition to the wharfage charge for vessels? A. No, I do not know.

Q. Don't you know that the steamer pays that high charge for wharfage and that the cargo is charged thirty-five cents a ton for

that facility? A. They do not put on that extra heavy charge for wharfage when you have bag sugar. I do not pay for covered wharfage for that. I have paid regular wharfage.

Q. Under what circumstances do you pay these very high prices for wharfage? A. Because I can not do any better in the port of New York.

By Commissioner Shayne:

Q. Isn't there a law limiting the amount of charges? A. Not for covered piers.

Q. That is private? A. Yes, sir. The railroads have a great deal of the water front of New York; we are limited only to certain places.

By Mr. Fairchild:

Q. There is another point that I overlooked; at the time that you were at the New York Central docks, you say you were driven away by the one cent arbitrary charge that was imposed. Prior to the imposition of that charge did your ships ever receive from the railroad company a share in the charge that they made for lighterage of three cents a hundred pounds, or a rebate? A. That is private business.

Q. No; that is public business? A. We did get a certain rebate on the lighterage when we saved it by going to their docks.

Q. When your ships went to those New York Central docks, so that there was no lightering, you would often receive a rebate from the railroad company? A. Yes, sir; not only from the New York Central, but from other roads.

Q. In such cases, how much did that rebate usually amount to on the three cents per hundred pounds lighterage charge? A. Half of it.

Q. Sometimes there would be an occasion when it would amount to more than half, would there not? A. No, sir.

Q. Was there never an occasion when it amounted to all of it? A. When you take three cents a hundred you mean general cargo?

Q. I mean the lighterage charge of three cents per hundred

pounds. A. I have often received the whole lighterage from the different trunk lines when I saved it for them; when I saved them the lighterage.

Q. What year did you say that one cent arbitrary charge was imposed? A. 1882.

Q. Have you received a rebate of the lighterage charge from the railroads subsequent to that time? A. Not on east-bound; I have on west-bound.

Q. Then, as a matter of fact, it was not only the imposition of the one cent arbitrary, but also the change of rule regarding the rebate on the lighterage, when the lighterage was not performed, the two together drove the ships from the railroad docks. Is that not so? A. Can I relate how it happened?

Q. Yes, sir; that is what we want you to do? A. It seemed to have happened at a time when the New York Central was doing a very large export business in grain. I gave them, during the last year, two hundred and seventy odd sailing vessels and plenty of steamers. The Erie did very little of it and the Pennsylvania elevator here was not doing any of it. The Brooklyn water front got very jealous of what my firm was doing from Sixty-fifth street, thinking that we were diverting grain from Brooklyn. Whilst we were doing nothing of the kind, they said we were diverting the grain by naming freights across the ocean, because it would be a through bill. I would guarantee sailing vessels or give them a rate of freight by sailing vessels or steamers, and they would pin it to the railroad rate and make a through rate, and these cargoes were sold just as they are now, but via New York instead of Baltimore, Philadelphia and Boston.

Q. Instead of diverting grain from Brooklyn you were tapping Chicago? A. I was bringing it from Chicago, Milwaukee or anywhere else. The Brooklyn water front got very jealous and they chose a time to see how they could stop the Central from doing it. It was during Mr. Rutter's time. Mr. Rutter was on the sick list, on the other side, and Mr. Hayden, who was third vice-president, had charge. Then the Brooklyn people and the railroads got together and made this charge. I happened to be at Forty-

second street when Mr. Rutter returned. He called Mr. Hayden aside and said "Mr. Hayden, I understand you have put on a charge of one cent a bushel up at our elevators, a charge which you will never collect. At the same time it has killed the business up there." True as Mr. Rutter's words were. (that gentleman died shortly after), they had put on a charge, but they have never collected it.

By Commissioner Smith:

Q. It was not the intention of the Brooklyn people that they should. It was their intention to drive steamers away from there? A. Yes, sir.

By Mr. Fairchild:

Q. So that, simultaneously, they made a rule that they would charge for lighterage whether they performed the service or not, and in addition would charge the one cent arbitrary, if a ship went to the elevator? A. Yes, sir.

Q. What is that extra cent for? A. Please don't ask me about these charges, because I do not know how they arrange them among themselves.

Q. It is usually called a one-cent arbitrary? A. I have not heard of the arbitrary part of it. I have always heard it as the one-cent a bushel charge.

Q. Is there any service performed for that cent? A. Not that I know of.

By Commissioner Shayne:

Q. That is a past issue is it not? A. Yes, sir; a past issue.

By Commissioner Smith:

Q. If you could save that cent would it be profitable to send steamers there now? A. The question comes right down to this: Water can float up hill, but at an expense. If the stuff will only be allowed to come from the railroads to the water front, just like it is in Boston, Philadelphia, or anywhere else, and go from the elevator through spouts into our ships, the same way as into

a canal boat, and save all those charges, there must be some terminal expenses saved.

Q. Are you using the Erie elevator to any extent now? A. Using no railroad elevators at all.

Q. You are not doing any grain business? A. They are not taking steamers up there much. The railroad elevators do very little elevating; they prefer floating delivery.

Q. They have reduced the charge quite considerably at the Erie elevator and I did not know, but if you were in the business you were getting some benefit by sending your vessels there? A. No, sir; the ship gets nothing from it.

Q. Are you still doing a grain business? A. Yes, sir.

Q. Very little? A. I do a fair share.

Q. Do you do any cargo business? A. Yes, sir.

Q. You have never found it extra profitable to send steamers to the Erie elevator to load? A. No, sir; not since that cent a bushel charge was put on.

Q. During the last couple of years that rate has been reduced about one-half, that is, it is only about five-eighths of a cent for elevating grain at the Erie elevator? A. I can not say what their charges are at the elevator. I am all the time referring to what the owner has to pay. I am not consulted on charges. I look after the disbursements of my steamer. The principle of this port is wrong.

Q. The whole port? A. The principle of the way the grain trade is cared for. Legislation has always been made for passenger boats. The passenger boat picks her own water front, at a heavy expense, for the passenger trade, and then says "The mountain must come to Mahomet" instead of Mahomet to the mountain.

By Commissioner Shayne:

Q. Are you interested in the International elevators here? A. I am sorry to say I am not.

Q. That is why your trade has fallen off some; doesn't that affect you in any way? A. No, sir.

Q. You send your ships to other ports? A. I am not running so much in the grain trade as I was years ago. Our steamers load for every direction.

By Mr. Fairchild:

Q. How does the amount of business done in cargo vessels to-day compare with that of a number of years ago? A. I think there are more cargoes.

Q. More cargo vessels? A. If you scan the word "berth" differently from what I have heard gentlemen here talk about it. All berth steamers are not passenger steamers.

Q. I understand a cargo vessel is a vessel that takes a whole cargo, in one consignment, chartered to go wherever you please to send it, and that a berth vessel, while it might not be a passenger steamer at all, would take a little from this man and a little from that man until the ship is filled. A. Isn't that a cargo ship?

Q. That is not what is known as a cargo ship, is it? A. I think there is a misunderstanding here.

By Commissioner Smith:

Q. Are there ships of regular lines loaded at their berths with full cargoes of grain at this port? A. No, regular lines generally load only with grain.

Q. That is what berth freights refer to? A. No, sir; they are tramp boats chartered under what you call berth terms. A berth term is much more preferable for the buyer on the other side than buying a full cargo. It takes some time to explain this. When you speak of full cargoes you mean the small steamers that do not call for orders.

Q. What is known as a tramp steamer? A. They are all tramps, whether on berth or full cargoes, with the exception of the passenger lines.

Q. Are there not regular freight lines that do not carry passengers at all, which have regular piers at which they receive their cargoes? A. Yes, sir; and they are also tramps that do

the same thing. They are called tramps but they are regular berth ships.

Q. As I understand it, a tramp is a ship that goes here or goes anywhere, not a regular line. A. She is on my line to-day and on somebody else's line to-morrow.

Q. She is not a tramp then; when she is chartered she would not be a tramp for that time, she wouldn't come under that designation, would you think so? A. It is pretty hard to scan what you really mean.

By Commissioner Kelly:

Q. I think Mr. Smith has in mind the berth ships of the Barber Company's line; they go from here to Liverpool. A. Those are liners. Take what Barber puts on, what Forbes puts on for Newport News, they are all tramps.

By Commissioner Smith:

Q. One day she is a tramp and another day she is a liner? A. Yes, sir; that is it.

Q. Of course, when there is a great demand for ships, these regular lines charter additional ships for a certain additional period of time, and these ships are tramp ships? A. There are a lot of lines in which people do not own a steamer. They do nothing but charter boats.

Q. Different vessels all the while? A. Yes, sir.

Q. But coming to the same pier? A. Yes, sir; coming to the same pier. There have been great improvements made in ship building and gradually owners, to cope with the low rates of freight, have built very large carriers. Owing to these large boats being in the market the owner of the small boat says, "I can not compete. If you cannot give me grain at a certain price I will take phosphate," or some other cargo, and generally those small boats, what with being lost and not being able to compete with the large steamers, have gradually been done away with, but the grain traffic is going across just the same.

Q. What you mean to say is this, that these ships of the char-

acter you have just been describing, could just as well go to these railroad elevators and load as not? A. Yes, sir; certainly.

Q. The reason they lay in their berths and load is because of the system in vogue at this port? A. Whether you go to the grain stores or whether you remain in your own dock and have the grain come to you, makes no difference. A. man who saves those lighterage charges is not any better placed than the man who remains in his dock.

Q. You would not say that the expense to the ship of being towed up and towed back would more than offset the saving made by going to the elevator? A. No, sir.

Q. There would be a good profit in going to the elevator? A. Yes.

Q. And there are a good many ships that are loading in this manner at this port now? A. Yes, sir; and have been for years and years.

By Mr. Fairchild:

Q. Did I understand you that, in your opinion, if they could waive the one cent charge, go to the elevators of the railroads and get grain, that these largest new boats of the regular lines would be willing to go to the elevator? A. You go too far. The fine class boats, or the lord mayor's carriage, will not move, but the tramp or cargo boat, which has water ballast, can shift and go there if there is any saving to be made.

Q. What is the largest boat that would go to the elevators? A. The larger the better. There would be a greater saving if she is a large carrier.

Q. I understand that passenger vessels would not go there but as to the other steamers, would all the other steamers, practically all the steamers except the passenger steamers, go to the railroad elevators? A. Show the owner he has a saving of a cent a bushel or a quarter of a cent a bushel and he will very often shift for it.

Q. The White Star line would not send their freight vessels to the elevators, would they? A. No, sir.

Q. Nor the Cunard line? A. No, sir; the Cunarders would not go there. They have some boats that might. The Atlantic Transport line have some boats that might; they certainly put on a good many tramps.

By Commissioner Smith:

Q. What proportion of the vessels that load at the berths could profitably go to the railroad elevators at this port? A. Quite a fair share.

Q. What percentage, twenty-five, thirty-five, fifty, sixty? Tell us what you think. A. It is pretty hard to say as a stand-off guess because these liners are very large in tonnage. Whilst the tramp is a large carrier, the tramp is of a smaller tonnage. There are tramp boats that can carry 10,000 tons and there are tramps crossing the ocean that carry 45,000 tons. Those are the boats that are building to-day.

Q. There are not a great many built. A. In the last two years quite a number. No one is building small ones.

By Mr. Fairchild:

Q. You would no doubt be willing to say that in your opinion, no matter if you changed the conditions, seventy-five per cent. of the tonnage that comes here would not be willing to go to the elevator, I mean of the tonnage that carries grain? A. I do not think quite so large a percentage.

Q. You do not think seventy-five per cent.; how about sixty per cent.? A. I think if we could load at the railroads you would find that it would take a lot of trade away from our adjacent ports.

By Commissioner Smith:

Q. It would also relieve the glut at these very costly piers to some extent? A. Yes, sir.

Q. Distribute the vessels more evenly around the port? A. Why don't the railroads give the same facilities here that the railroads do at other ports? Why should an owner who says

to a merchant, "Where is your grain? Sixty-fifth street?" "If it is there, don't float it and I will save you the cost of floating. I will go for it"—why should that man be placed in the same position as the man who says, "I want grain, bring it to me." If I want a carriage to go to any place I want to pay for it; if a man wants a floating elevator let him pay for it.

Q. And if he wants to go to the elevator, let him go there? A. Yes, sir.

By Mr. Fairchild:

Q. If he can get a ship to go to the elevator for a little less than he would have to pay for a floating elevator, let him do that?

A. There are a certain number of charges in floating grain. If I save those charges why should the legislation of this port of New York compel me to be in the same position as the passenger agent or man who remains at his berth? I am offering to save these charges, but the other man says, "No, I will remain here, bring it to me." Why should those two men be in the same position? Why should those steamers be legislated in the same way?

By Commissioner Shayne:

Q. What is the remedy for that? A. Let the grain come to the elevators and as people want it floated, if a steamer will not go there for it, charge them for it or do something of that kind.

By Commissioner Smith:

Q. You were describing the situation that arose there when you were loading the ships at the New York Central elevator. It seems the floating elevator was a factor there. It was not the jealousy alone of the Brooklyn warehouses, but also the jealousy of the floating elevator? A. There is where you make a mistake; you mix up the local business with the through business. You cannot stop grain coming to this market. If a man has got to bring his grain from the Brooklyn houses to my steamer, then floating elevators are wanted. You were talking as if I was working for the New York Central if I got the grain from their elevators "A" or "B".

Q. I was trying to get from you how much of a factor the floating elevators were in determining the new condition that was made. A. The floating elevators are a power on this exchange and in this port too; they are useful and do their work well.

Q. Were they a greater factor in 1882 than they are now? A. I think they are better to-day than they were then.

Q. More powerful to-day than they were then? A. You mean powerful financially or do you mean powerful that they impose their terms?

Q. In imposing their terms. A. Until they were legislated against they were.

Q. Do you find that that legislation has injured them in any way? A. Yes, sir; they were running around trying to find out what to charge. They were only allowed to charge five-eighths.

Q. They have never observed that law. A. I do not handle that. I only remember certain things about it.

Adjournment taken subject to call of the chairman.

NEW YORK, *July 21, 1899.*

An informal meeting of the Commerce Commission was held this day in the Commission's rooms, Times Building, at 2:15 o'clock p. m.

Present: Messrs. C. C. Shayne, chairman pro tem.; Alexander R. Smith and Ben L. Fairchild, counsel; also Mr. Wm. N. Dykman, counsel for International Elevating Company.

On motion of Commissioner Smith, the proceedings of the meeting were ordered recorded.

Mr. Dykman: My request on behalf of the International Elevating Company is that before the question is finally decided, the testimony of leading grain merchants of the Produce Exchange be taken for the purpose of enabling this Commission to determine the pending question.

Mr. Fairchild: To determine what?

Mr. Dykman: To determine how far the Commission will desire to go into the books of the International Elevating Company.

Mr. Fairchild: I want to say that if the International Elevat-

ing Company had taken the position a week ago to-day, which was the day Mr. Burgess was subpoenaed, and the day on which he was excused, I would not have coincided with Mr. Dykman in his request, which was granted on that day by the Commission. I call the attention of the Commission to the fact that if it be the disposition of the International Elevating Company, as has now been suggested, to refuse to recognize the subpoena duces tecum from this Commission to produce their books and papers, that already there has been too much delay in proceeding, and that it would be inadvisable in view of the fact that it is the desire of the Commission to make their report at the time named in the statute, to further delay these proceedings so far as they might relate to the International Elevating Company.

Mr. Dykman: I don't want to be put into a false position, and as counsel I don't want to put the International Elevating Company in a false position. There is no disposition to deny anything to this Commission so far. That is not the position of the president of the International Elevating Company; that is not my position. We do not think you want to invade the privacy of the affairs of this company. This Commission ought to weigh carefully before it compels, and I think it can compel the publicity of the affairs of this company to an extent that it would afterwards regret, because they would agree that no good could come, but possibly a great harm, and you gentlemen do not want to do that. All they ask is the same desire they have had to serve the port, and expedite and help you with your report. They think and I think it an unfair request to make, that is to take the testimony of Mr. Bingham and then ask them to open every book of this company and make public every bit of this company's business.

Commissioner Smith: Do you think you clearly understand now just what it is our counsel desires from you?

Mr. Dykman: I have taken it from his lips (producing memorandum.)

Commissioner Smith: Then there is no misunderstanding as to what he wants?

Mr. Dykman: It is impossible for him to ask for more; and, if this Commission had been specially charged with the investigation of the International Elevating Company, and to make public its every act and deed from 1891, when it was formed to the present day, it could not ask for more. That is an unfair attitude of the investigation.

The Chairman: You will admit, Mr. Dykman, that every courtesy was extended to the company by the Commission?

Mr. Dykman: Yes, sir.

The Chairman: The promise was made that the books would be ready at the office and you would assist Mr. Fairchild in expediting an examination of the books?

Mr. Dykman: I stated that I would endeavor to agree with Mr. Fairchild upon the line of what would be drawn between what was public and private.

The Chairman: Did you go into that?

Mr. Dykman: Yes, sir; and I state now there is a great deal he asks which we consider is private and in no way bears on the question before you. For instance, you have the testimony of Mr. Bingham before you that the charge of the Brooklyn Wharf and Warehouse Company is fair, because it is making no money, he says. Practically, the suggestion is that, because they have a large investment the charge is fair. The charge of the International Elevating Company is unfair, he says.

Q. He is a stockholder in the International Elevating Company?

Mr. Dykman: To the extent of thirteen shares. These questions here relating to the capital stock, etc., we think are utterly foreign to this subject.

The Chairman: Wasn't it understood and agreed that Mr. Burgess would be ready to testify on last Friday?

Mr. Dykman: On Friday, yes, sir. If you are ready he will go on this afternoon with the examination.

Commissioner Smith: Examine what?

Mr. Dykman: Examine Mr. Burgess.

Mr. Fairchild: Of course, when Commissioner Shayne, the

chairman here, suggests about Mr. Burgess being ready to go on and testify, he refers to Mr. Burgess, who as a witness, was not only served with a subpoena but with a subpoena duces tecum.

Mr. Dykman: We can put all our books in Jersey and you would not get one of them. We have brought them here—you know we are organized under the New Jersey laws—we have brought the stock book and stock ledger over, showing that the interest in the Produce Exchange is very small. Mr. Bingham said the Produce Exchange interests controlled the stock, which is not true.

The Chairman: What the Commission understood was that Mr. Fairchild would have an opportunity to examine certain parts of the books or certain papers he desired pertinent to the inquiry, and that he would be ready to examine Mr. Burgess in three, four or five days. That was agreed upon. Mr. Fairchild went into the office and instead of getting the books and going to work, the first day he could not get them, the second day he could not get them. We understood he was going there for that purpose, and not having given him the opportunity we thought it ought to be accorded him, we thought we ought to go on with the inquiry with the powers conferred upon us by the statute. We have no desire to interfere with anyone, except to reach the inquiry for which we were appointed: what interferes with the commerce and what would benefit the commerce, and make such report to the Legislature as we think best for the commerce.

Mr. Dykman: When Mr. Burgess, the President of the International Elevating Company, Mr. Fairchild and myself were present we substantially agreed. We asked what he wanted and after a great deal of discussion Mr. Burgess said: "I would just as soon he have everything." You can go through everything now if you do not make a record of the private business. We will show you everything that is private as well as public. We agreed with Mr. Fairchild substantially that he see everything he wants to see. But I said to Mr. Burgess you are taking upon yourself a great responsibility. This may result in legislation against you and your people will find complaint. I said, I would share the re-

sponsibility of opening the books with some one else. Mr. Fairchild thought that was fair. Then he went before the committee and they said go before the Commission——

The Chairman: What did they decide?

Mr. Dykman: They said you go before the commissioners, who are merchants, and they will feel just as we feel. Ask them not to come to a decision to intrude upon our privacy, until they know all and hear the testimony of merchants not interested in the International Elevating Company.

The Chairman: We have made quite an inquiry already.

Mr. Dykman: What we would like to present, you have not touched.

By Commissioner Smith: I would like to ask Mr. Fairchild: Do you feel that Mr. Dykman thoroughly understands what it is you wish from him?

Mr. Fairchild: I think so.

Commissioner Smith: I would like to ask further, if it is your view that it is at all likely that as counsel representing the New York Commerce Commission and Mr. Dykman as counsel representing the International Elevating Company, are likely to come to an agreement as to what constitutes that which it is desirable to place upon the records of this Commission?

Mr. Fairchild: That is a very difficult question for me to answer. A week ago to-day I would have answered it just as I did answer it in response to Mr. Dykman's request for an adjournment, and that is: that we would be able to agree upon what testimony, as shown by the books, should be properly and necessarily upon the records, but after that adjournment and on Monday following, when I called at the hour appointed, expecting to commence that personal investigation with a view to saving the labor of both parties, I was not enabled to commence work according to the arrangements specified at the time of the adjournment of the Commission on Friday by reason of the suggestions that were made by Mr. Dykman to Mr. Burgess, to which Mr. Dykman has in part referred. On last Monday I was with Mr. Dykman and Mr. Burgess until 1:30 o'clock, without our having

reached any definite point. On the following day, Tuesday, I was with them all day, from morning until late in the afternoon, without having reached any point nearer than we had reached the day before. On Monday the suggestion of delay was the objections of other directors and the consequent expressed desirability of having a conference with the executive committee of the company. On Tuesday that conference was held and a further postponement resulted, partly through the suggestion that they would now want to consult with all the directors, and partly on the suggestion of Mr. Nash that the matter was entirely new to him, he not having until that meeting known anything of the matter except such as he had read in the newspapers. The result of these delays has made it impossible to hold a meeting of the Commission to-day for the purpose of examining the president of the Elevating Company. On Tuesday it was agreed that we should meet at eleven o'clock to-day, in response to Mr. Nash's request for a couple of days to consider the matter, and with the understanding distinctly that that would be the final postponement. On this morning when I arrived at the office I was met with the further suggestion that has been made by Mr. Dykman here at this meeting, in the shape of a request to the Commission.

Mr. Dykman: Just let me add one word so the position of the company can be made clear. There has been no decision of the corporate authority to withhold anything from the committee. There is only this: That a majority of the directory assembled at this last meeting expressed the belief that if this Commission were made acquainted with the situation by statement and by evidence of merchants, the inquiry into the affairs of this company would be restricted beyond what appeared to be the intention of the counsel. What I particularly dislike is the first two questions in this paper (indicating a memoranda in hand). The stock list we will bring over from Jersey; we have it now here for that purpose. We make rebates for part of the price charged, and that is pertinent and entirely proper, and we will furnish that. We will show the books and check books of the company. If you want to know the new boats, though we don't think it important to the subject——

Commissioner Smith—You have come before this Commission, and so far as I am concerned, have created the impression upon my mind that there was no objection to accommodating the Commission with any information that it desired. This Commission, of course, relies upon its counsel to place upon the record and before the members of the Commission such matters as are germane to the inquiry. The fact that subsequent to that adjournment you and Mr. Fairchild have found it impossible to agree; that is, you have found it impossible to conform to the request of Mr. Fairchild in the matter of information, makes it compulsory, it seems to me, to bring publicly all the information that the Commission thinks is desirable to place upon the records in order that the Commission itself might sift out and place upon the record formally those things which they think may be germane to this question. It seems to me that your interests will be better protected, and I don't think it is the disposition of any member of this Commission to invade the private affairs of your company to your injury. It seems that the work will be greatly expedited if you will accept Mr. Fairchild's judgment, which is based only on the desire to serve the public, to give him access to such part of your records as he desires.

Mr. Dykman: You are not going to take the testimony of other merchants; practically, the Commission refuses the request of the company. I thought you would first convene and consider that.

Commissioner Shayne: The chairman of the Commission is not present. Mr. Kelly concurs in the action of the Commission, that is to say as to the conclusion we arrived at when he was at the meeting, and he telephoned to-day that he would stand on that original conclusion.

Commissioner Smith: He told me he did not wish to recede one iota.

Commissioner Shayne: In deference to the chairman I think we ought to telegraph and get his views in some way.

Mr. Fairchild: I want to say that I have his views as to the necessity of diligently continuing the inquiry on the lines of that adjournment a week ago. Now, Mr. Dykman wants to know

whether that request is going to be granted or not. After all, that request involves the matter peculiarly within the province of suggestions from the counsel, and I will, therefore, now make the suggestion that I have already made to Mr. Dykman. I have suggested to him that if he at any time desired to cross-examine any witnesses appearing before the Commission, or if at any time he desired any witnesses to be produced before the Commission that he might cross-examine them, that I had no doubt in the world that the Commission would be fully disposed to grant him every such opportunity. But, his request goes further than that, it goes to the extent of suggesting how the Commission shall shape the order of their procedure. That means that the counsel in getting up this record, upon which the Commission makes its report, he shall shape the record as well as examine the witnesses, not according to what his judgment dictates, but according to the desires of the International Elevating Company or these grain merchants. He suggests more than that, he suggests that that be done with the view, not of having the wise judgment of the grain merchants in the business on the record to enable the Commission to make its report, but that the opinions of these grain merchants shall be substituted for the investigation which the act requires them to make, and which they should make as far as it applies to the port charges enforced by this International Elevating Company. He now wants to know whether the Commission will comply with his suggestion in order to decide whether they will or they will not admit the counsel of the Commission to the books of the company. He wants to know the action of this Commission so that he can ascertain from his directors what he is to do. Now, there are two commissioners of the five present, and as we must decide as to whether the Commission will go to Montreal and Buffalo according to arrangements, whether you will go there now or continue here, it is important to have that decision from Mr. Dykman at once and to-day, in order to know what decision to make as to our movements to-morrow.

Commissioner Smith: And to that end I move that if it be

the conclusion of counsel to the Grain Elevating Company and our counsel that they can not agree as to what it is desirable to bring before this Commission that a subpoena duces tecum be issued to-day for the appearance of Mr. Burgess at a meeting of the Commission on Monday next at 1:30 o'clock p. m., in the Produce Exchange building. Seconded and carried.

After some further informal discussion, the meeting was, on motion, adjourned, without date.

A hearing of the New York Commerce Commission was this day, July 26, 1899, held at the Board of Trade building in the city of Buffalo, New York.

Present: Hon. Charles A. Schieren, chairman, Hon. C. C. Shayne, Hon. Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman, in calling the Commission to order, at 11 o'clock a. m., stated as follows: The Commerce Commission of New York will open its meetings here in Buffalo, to investigate the terminal facilities and the elevator facilities at this port. Mr. George H. Raymond, of Buffalo, who has prepared a paper to be read before this Commission, will now be heard.

GEORGE H. RAYMOND.

Mr. GEORGE H. RAYMOND stated as follows:

In preparing this statement, of course, I have not gone on the theory that I was able to solve this problem, but I simply wish to give you an idea of what might be termed an "outsider," as far as New York city is concerned, and the way that the trouble in New York looks to Buffalo people. Of course, we are selfish up here, and it is always expected that some other port or some other person is the one at fault. I simply desire to give you a few thoughts on the proposition, as it occurs to me, and with no idea that I know anything about it. Those business principles which make a successful business career for private business enterprises are exactly the same principles, which, applied to the business of a state, would make the state a successful one. There

is no royal road to state or municipal supremacy any more than for private business supremacy.

Without wearying you with the percentages, it will be safe to say that up to about the year 1873 the port of New York was at least holding her own, as compared with all Atlantic or gulf ports, on all classes of exports. Since that time she has been taking a graceful downward shoot. A business man with such a record would at once investigate to see what he had lost in ability to carry on his business cheaply, and wherein his competitors had secured new means of cheapening their business expenses.

It requires but a glance to observe that the decline of New York city's commerce is almost exactly coincident with the decline of the traffic over the Erie canal. What has been the cause of this failure of the Erie canal to hold New York city up? If the most modest business man in the State to-day should undertake to do business with the tools and appliances of forty years ago, his finish would be speedily apparent.

New York city has been seeking to have Erie canal hold her up, with a plant that is forty years old, and wonders why it cannot be done. The finish of New York city has also been apparent for some time to any careful observer. The canal is simply and plainly outclassed, and unless relief comes, five years from to-day will see it practically in disuse.

The railroads of New York not only cannot, but have no real desire to save the traffic of New York city. The railroads of New York State are a very much over-rated class of roads. They were able to hold the traffic to New York by rail when there were no good roads running to the other outports. But the minute that business men began to take hold of the railroad systems, seeking other outports, it was at once apparent that New York roads could not hold their share in a fair fight for traffic.

This comes from the fact that the roads are so terribly bonded, and stocked, and are so nearly strangled by various octopi that they cannot with low rates compete with cheaper built and better operated roads. There was a time, twenty-five years ago, that

railroads had some civic pride and interest for cities along their line, but those days are past. It is results that must be secured, or trouble comes to some one in the high places very speedily.

There is to-day no real competition, or attempt at competition, between the roads seeking the export traffic. They are stocked and bonded, and must make a certain showing for the various systems. This is what their bankers say, and this is brought about without regard to any other matter. If the bankers controlling the railroads of this country should decide that certain lines of traffic should go by New York, and other lines by other outports, and that the export business of any city should be wiped out, it would be done, provided at the same time the results for the railroad interests would be best subserved that way.

If the railroads will not hold the commerce to New York what is the relief? The relief is in sight, and it is the same poor old Erie canal. All that it wants is an 1899 model, and it will again put New York in such a position commercially as will once and for all time settle the matter, and there will be no need of additional committees to discover what is the matter with New York's commerce. If the relative positions of the canals and railroads which existed in 1860 was restored there would not be the slightest doubt about the ability of the canal to draw to New York her full share of all the traffic seeking the seaboard. This requires no argument. The next proposition is, will the expense be warranted? Yes, it is warranted, and warranted if it cost twice what it will cost to put the canal in shape, and make it the greatest artificial waterway in the world.

The nine million improvement was exactly the right thing, done at exactly the wrong time. What should have been done, and what must be done first of all is to enlarge the locks of the Erie canal to accommodate boats having a length of 125 feet and a beam of twenty-five feet. Such boats will at once practically double their carrying capacity over the boat of to-day, and with the deepening then carried out will make it possible to have boats with a capacity of 25,000 bushels of wheat as against 8,000 bushels to-day.

In order that definite data as to the cost of such an improvement might be had, Congressman Mahany, at my request, introduced a bill at Washington, under which estimates were made by the War Department as to the possible cost of locks so widened.

Major Symons, United States Engineer, had each lock on the canal visited and careful estimates made. I quote from his report. "The total cost of widening the tier of lengthened locks on the Erie canal, all the way through (supposing them all to have been lengthened) together with the necessary single chamber steel lifts at Cohoes, Little Falls, Newark and Lockport, for boats of eight feet draught, the locks and lifts to be 250 feet by 25 feet, would be \$3,840,000."

To be very safe, and to allow for the added cost of steel, &c., let us say \$6,000,000 will give us certainly this lock widened canal.

Such boats in such a canal can move wheat from Buffalo to New York at one cent a bushel. Such a rate will draw such a traffic to New York in grain as it has never had, as there is no road running from the west to the sea that can begin to compete with such a rate.

For seven months in the year New York need never know that there is any other outport, so far as competition is concerned, if she puts the canal in shape and cleans up some of the abuses now existing in New York.

From testimony give before your Committee last week in New York, relative to loading vessels at elevators in New York, there seems to be either dense ignorance, or a fine attempt to cover up the real trouble. Two reasons, in fact three reasons, are in the way of direct loading of vessels at the New York harbor elevators.

When the Sixtieth street elevator was erected there was a great display made on the part of the New York Central as to direct loading into vessels, and the first season many millions of bushels were so loaded, and New York was enjoying a boom in the grain traffic. But the roads running to Boston, who saw

their business running away, as well as the Philadelphia and Baltimore roads, quietly notified the New York roads that direct loading of vessels, which resulted in saving the elevation at New York, was equivalent to a lower rate of freight to that amount, and that unless the practice was discontinued rates would be lowered accordingly to traffic to Boston, Philadelphia and Baltimore.

In order, therefore, to keep place in the family, and for other more cogent reasons, the practice was discontinued, and will never be again taken up, for good and sufficient reasons. There exists in New York, as you well know, a floating elevator pool which exacts tribute out of every bushel of export grain that goes through New York. Direct loading at elevators would make this business not so pleasant as at present. Hence it is not done. There is a further lighterage charge of three cents on all traffic into or out of New York by rail. Direct loading at elevators cut this out. Hence it was thought a good plan to lighter, as the lighterage money goes into the proper pockets.

All that is needed, therefore, is to put the canal in shape, and competition will speedily take care of the floating elevator pool. A further reason why the canal should be put in shape is if it were done and the stolen piers again brought back for canal use, there would speedily flow over the canal such added trade in package freight and flour, as would equal the grain traffic in its palmyest days.

This will come simply by providing at Buffalo and New York terminals for this traffic. At present out of 11,000,000 barrels of flour received in a single season, by the lakes, at the port of Buffalo, not a barrel moved over the canals, because when it would arrive in New York there was absolutely not a spot to put it. Such startling conditions are growths, and due to the absolute neglect of everything pertaining to the commerce of the State by the citizens of the State themselves.

The same condition of affairs applies to the provision traffic, and all other classes of package freight traffic.

We are on the eve of an era of railroad consolidation, either

more or less perfect, and it is not a wild thing to say that ten years from to-day, and more likely five years from to-day, will see every road running out of every lake port to the Atlantic seaboard under the control of one man or set of men.

Of course this means the entire wiping out of any attempt to do anything for New York that is not best from the railroad standpoint. As is well known, many things are good from that view point that are very bad from a business point of view. It would, therefore, be simply suicidal, for any action to be taken that did not absolutely go on the theory that a water route through this State, able to compete with every route to the seaboard, is the only safety for New York city's commerce, and this must not be delayed.

In seeking to ascertain why New York has lost so much traffic, it might be proper to consider what is possible in the way of new traffic for New York city and the State of New York. In this connection it will be sought to show that if the Erie canal was improved on the lines herein noted, and if, after expending the sum necessary to bring this about, that practically not a bushel of grain was then moved over the canals, that this improvement would bring to this State such a growth in the iron and steel business as would give to the canals a greater traffic than it ever enjoyed in the grain trade.

While it may be thought a wild statement to make, yet it seems easy to show that a lock-widened and deepened Erie canal, making possible a thirty-five to fifty cent rate on steel and iron from Buffalo to New York, will within ten years make Buffalo one of the greatest, if not the greatest, iron and steel making city in the country, and will dot the shores of Staten Island and New York bay with the largest and cheapest ship building plants on this continent.

Such a development will bring to our farmers a better home market for those products not competitive with the West than they have ever had, and will build up within this State the manufacturing of every article made from iron and steel.

Let us look at the present course of the iron and steel trade.

Millions of tons of northern ores are brought annually to Lake Erie ports. They are for Pittsburg, unloaded at Conneaut on to a railroad built by Mr. Carnegie to save the carrying profit before charged him by the other roads. The rate from Conneaut to Pittsburg is ninety-six cents per ton. At Pittsburg it is smelted and made into pigs, or structural steel and iron. It is then carried over the mountains to New York and Philadelphia at a cost of \$2.90 per ton on steel and steel products. July first saw a further advance in freights, which is not herein included, and that amount is practically twenty-five per cent. on all freights out of Pittsburg. Roughly stated, it takes about two tons of ore for a ton of steel. We then have two tons of ore from Conneaut to Pittsburg, \$1.92; one ton of steel from Pittsburg to New York, \$2.90. Total cost of one ton of steel from Conneaut to New York, \$4.82. Let us now consider the same proposition via Buffalo. The ore rate to Buffalo is the same as to Conneaut. At Buffalo the ore would be dumped into the smelters, and the structural steel rolled. This steel could then be freighted from Buffalo to New York in a lock-widened and deepened canal for not over fifty cents per ton.

There must this, however, be considered. Buffalo is at a distance of about \$1 per ton on coke, as compared with Pittsburg.

It requires about three-quarters of a ton of coke for a ton of steel, so that 75 cents per ton is added to the cost at Buffalo. In addition, coal costs a trifle more for steam power purposes at Buffalo, but 25 cents per ton of steel will cover that. To be safe, consider that the total cost of carriage from Buffalo to New York, including the coke differential, \$1.72, as against \$4.82 via Conneaut to Pittsburg, and from there to New York. This leaves \$3.10 per ton in favor of Buffalo steel. To be very safe, let us suppose that the Pittsburg roads would reduce their rates about 40 per cent., or \$1.10, we would still have an advantage of \$2 per ton in favor of Buffalo. The output of the Carnegie interests in iron and steel is 2,500,000 tons. Ten cents per ton saved is \$25,000. If two dollars were saved, it would be five per cent. on \$100,000,000.

With such possibilities is there any question that Buffalo would make the steel for the navies of the world, and that New York bay would build them? Already is there seen the dawn of a new era of prosperity in this direction in the formation at this city of a corporation with \$20,000,000 capital to erect at Stony Point an immense steel plant.

In view of the fact that for many years the commerce of New York city has been steadily decreasing, and to such an extent as to make necessary the appointment of a committee to investigate the causes therefor, would it not be a wise plan to appoint, through legislative action a permanent committee on State Commerce.

Clothe this committee with power and give them sufficient salary and money as will enable them to collate all the information on commercial matters throughout the country, and Canada; study them in their bearing on the commerce of this State; keep thoroughly posted on railroad matters of every kind; watch every tendency in its inception that will militate against this State, and advise the Legislature what is necessary to counteract this influence.

It might not be amiss to clothe this Committee with sufficient power to give it the general oversight and control of the working of our canal systems. Establish in all appointments for canal service a complete civil service examination in those matters, based on the duties to be performed. Let this committee virtually exercise such control and interest over the whole canal question as will remove it entirely from the field of politics and place it in the position of being something that is to be fostered and made to serve the State, without regard to any political party or interests.

Major Symons of this city has made the wise suggestion that the State Engineer and Superintendent of Public Works be one and the same person. This is, of course, right. Let us now follow this up with a plan which will place the greatest business proposition of this State, viz: the canal proposition, on a strictly business basis, and five years will see the greatest imaginable advantage to the State.

To a very great extent your findings must necessarily affect future legislation on the canal problem. To an equal extent the future of this great State is also in your hands. The situation is grave, your responsibility is great, but the course to pursue to again bring back old time prosperity, and to double it in the future, is very plain, and the people of Buffalo have confidence in your ability to solve the problem.

By the Chairman:

Q. Are you acquainted with the terminal facilities of this port?

A. Somewhat; yes, sir.

Q. Are they under the charge of the city or the State? A. At Buffalo a portion of our harbor facilities are under the control of the city of Buffalo, and a portion are under the control of the State of New York. The Erie basin and a section of the harbor is under the control of the State of New York, and in fact, under the law, is a part of the Erie canal system. All of the remaining portion of the harbor of the city of Buffalo is under the direct control of Buffalo.

Q. In your statement you advised that the terminal facilities be enlarged. What terminal facilities have you reference to?

A. I did not use the word enlarged; I said provided—that is to say, we have no facilities for canal traffic in the way of package freight. We have our grain elevators here for the grain traffic, but nothing for package freight traffic.

Q. You refer to the Buffalo end? A. Yes, sir.

Q. And the New York end also? A. I think that there is practically no place in the city of New York where a man can unload a barrel of flour, or any other class of package freight, except the property that is practically under the control of the railroads.

Q. Are you a shipper of grain? A. Yes, sir.

Q. You speak from your own experience? A. Yes, sir.

Q. You have referred to the iron and steel traffic? A. Yes, sir.

Q. Where would you have the terminal for that? A. Well, we are rapidly providing those in the system of this Stony Point steel plant, which is enormously capitalized, and for which there has already been purchased several thousand acres of land at the

south end of the new government breakwater. Of course, these terminals are provided by a corporation which is engaged in the manufacture of iron and steel, so that these terminals are not what would be called terminals which would require the attention of the State or the city.

Q. Do you know the extent of the iron and steel traffic by the Erie canal? A. Within the last two or three years there has been a steady growth on the Erie canal in the traffic in pig iron from Tonawanda and other blast furnaces here on Buffalo creek. The Tonawanda people are shipping, I understand, about one boat load a day from Tonawanda. That would be about 200 or 250 tons. That traffic has grown up within the past few years.

Q. Where is it principally shipped to? A. The traffic that goes over the canal is largely shipped to tidewater points. We have at Buffalo no iron or steel industry that produces the finished article like structural steel, boiler plates, ship sides, or anything like that. We have simply got pig iron furnaces. The Stony Point plant will make steel.

Q. The same as Mr. Carnegie? A. Yes, sir; I believe their plans include a plant on the same general lines as Mr. Carnegie's except very much smaller.

Q. You are in favor of the enlargement and deepening of the Erie canal for that traffic? A. I believe that the Erie canal should be enlarged and deepened solely for that, if there was no other reason, for the benefit that would accrue to the State of New York from the traffic in iron and steel. It occurs to me in this way: If within our borders we can produce iron and steel cheaper than it can be produced at any other place, we will not only bring into the State new industries, but that every city along the canal, Rochester, Syracuse, Utica, Troy, Albany, and all other places, will be able to increase their ability to compete with other places by being able to purchase at Buffalo, and have cheap canal transportation of all articles that they may wish to use.

By Commissioner Shayne:

Q. You referred to the railroads centering in New York? A. Yes, sir.

Q.. Would the facilities furnished by the railroads centering in New York be equal to the facilities furnished by the railroads centering at other cities? A. I don't catch your question.

Q. I infer from your paper that the facilities furnished by the railroads centered in New York were not equal to those furnished by railroads centering in other cities, and because of that fact a portion of the commerce was diverted to other cities? A. I did not wish to say that their facilities were not equal except in the matter of cost. They can take care of all the grain traffic of New York that they can get there. But the idea that I wished to convey was that they did not handle the grain traffic, or any other traffic, based on their ability to do it at reasonable prices. Their price was based on what was the proper thing to do from a railroad standpoint to make it result to the interest of the stockholders of a certain corporation.

Q. Rather than in the interest of commerce? A. The interests of commerce are not considered. It is a railroad proposition.

By the Chairman:

Q. You mean their pooled interests? A. They have a pool, either closed or open. The tendency is to make the result without regard to the commercial interests of any port.

Q. In other words, you claim that New York has to-day the facilities to load from a car right into a ship, if they would use those facilities. A. There is not the slightest question about it. You could put a ship under the loading spouts of the New York Central elevator this afternoon. There is not the slightest question about that. You could also do it at the Erie and Pennsylvania or the West Shore elevators on the other side. Every elevator that is now erected in the city of New York can load directly into the ocean vessels, if they care to.

Q. But the railroad companies discourage all such attempts? A. They discourage it, because it would simply open the door to a decrease in rates at the other ports, to equalize the saving in the expense of unloading in the port of New York. The Lighterage Company and the Floating Elevator Company are both there, and they must earn some money.

By Commissioner Smith:

Q. You have spoken about the terminal facilities now at New York and at Buffalo. Have you ever thought the matter out. Could you describe a plan of terminal facilities that the State could inaugurate and erect that would accommodate such traffic as you think is now inadequately supplied with facilities? A. I have never been in favor of the State furnishing any terminals. I have been in favor of the State making it possible for other people to furnish terminals. Now, the piers which are kept on the East River, Piers 2 to 8, should never have been used for the purpose for which they are now used. They were set aside by a law of the State of New York as terminals for the canal traffic, so that any man taking a cargo to the city of New York could have a place where he could make delivery to the party to whom it was consigned. But to-day it is simply out of the question for that to be done. The dock board of New York has rented those piers to various railroads, principally the New York Central, and the canal boatmen have absolutely no place where they can unload their freight. Coenties slip was also diverted and turned into a park. I don't know anything about it, but it looks to me as though it was to get rid of that canal competition. There is plenty of room there and it should now be devoted to the canal traffic. There is plenty of land to-day in New York city that belongs to the State of New York, and which was dedicated to the canals, to furnish all the terminals that will ever be needed.

Q. Would you advise that the State erect sheds for the accommodation of the package freight? A. Yes, sir. That would be a small item, and it would be an expenditure that the State would be justified in making.

Q. What would you recommend in the way of terminal facilities in Buffalo, beyond what you have already stated? A. I don't know that I would favor the State of New York building any terminals in Buffalo. I think we have enough business men in Buffalo to take care of this end of the proposition.

Q. How would you propose having it done? A. If there was any way of getting rid of the package freight at New York city,

there would be no trouble in getting people to erect here in Buffalo, suitable warehouses for the traffic.

Q. And ship it by the canal? A. Yes, sir. They have done it for the grain trade, and that is what has made Buffalo a grain center. If we had no more facilities for the grain traffic than we have for the package traffic we would have no grain business.

Q. It is due to the lack of accommodations in New York that such accommodations are not provided here? A. It absolutely stifles any attempt on the part of any one to put any money in the canal.

GEORGE E. MARCY.

Mr. GEORGE E. MARCY, of Chicago, who is connected with the firm of P. D. Armour & Co., appeared before the Commission, and testified as follows:

By the Chairman:

Q. Will you please give us, in your own way, what you think would be necessary to revive the grain traffic of New York? A. Well, that is pretty hard. There are a great many obstacles in the way of the grain trade. I am not well enough posted, except in a general way, to give much of an opinion.

Q. Give us that opinion. A. The main trouble there is that the ocean vessels are not loaded direct at the elevators. Mr. Raymond just stated that the elevators at New York could load direct, if they saw fit. There is only one railroad elevator that can do it to-day. That is the Erie. The Erie can load direct, but the West Shore cannot do it. They have not got over ten or twelve feet of water, and they would have to do an immense amount of dredging and change the elevator to a certain extent in order to load. The New York Central is a little better off, but they would have to remodel their elevators. The Pennsylvania would also have to remodel their elevator. The Brooklyn stores can load direct, but under some kind of a pool arrangement that they have, or rather a set of charges, they will not load direct unless they receive additional pay for it. So that it amounts to practically the same thing. It is as cheap to lighter

stuff as it is to put a boat alongside the elevator, owing to that extra charge. It costs either the railroad or the grain shipper nearly two cents a bushel to get the grain out of the car and aboard the ocean vessel, which takes away all of the full cargo business of New York city. There is very little grain, comparatively no grain shipped in full cargo from New York. Whenever a boat is chartered—for instance I charter a boat, an ocean tramp boat, charter it with the privilege of loading it at any port, Boston, Newport News, or Norfolk; I have the privilege of loading at any place I please. When I come to load it I will not load it at New York, because it costs me pretty nearly two cents a bushel, and the railroad makes their charge up by charging a differential, therefore all the cargo business is done at Norfolk, Newport News, Philadelphia and Boston. At each one of these ports ocean vessels load direct at the elevators. Outside of the elevator question there is a discrimination against New York in freight rates. Of course that discrimination is caused by the railroads having to spend that much more money.

Q. Did your firm control the Erie elevator at one time? A. No, sir.

Q. Did you have charge of it? A. No, sir. That was H. O. Armour & Co., another firm. A New York grain firm. They were simply a New York commission firm; had nothing to do with the Chicago firm.

Q. It was rumored in New York that your firm would erect an elevator in the harbor of New York, to facilitate your trade? A. Yes, sir.

Q. Is there any truth in that? A. We have figured on it. We figured with two or three of the railroads with a view to getting a piece of ground, and told different roads that if they would arrange so that we could get a piece of ground we would build an elevator.

Q. Would you give us the figures for which you could elevate your own grain by your own elevator, so built? A. Well, I think five-eighths of a cent a bushel.

Q. You could afford to do it for five-eighths of a cent a bushel?

A. Five-eighths of a cent a bushel from the cars to the ocean vessel.

Q. And also for berth freights? A. When it comes to the ocean liners with reference to berth lots, that will probably have to be done as it is done now, taking it there in lighters and elevating it, for the reason that the large steamers will not leave their piers. They cannot afford to. If a large elevator was built in New York that would load direct into ocean vessels, the rate on tramp steamers would be the same as on the ocean liners. The ocean liners would lose in transferring it by lighters. I do not think that it would affect berth freight. That comes to New York; it cannot get away from New York. That is practically the only business that New York does in an export way. They cannot get away from New York, no matter how cheap any other market would handle the commerce. A certain amount of grain has got to go to New York to fill this demand.

Q. And they will cut the rates in case they cannot get the grain? A. Yes, sir. The ocean liners will.

Q. The ocean liners capacity is enlarged every year; I mean the ships are enlarged? A. Well, yes, to a certain extent, but I think New York has lost quite a number of ocean lines. They have gone to other ports.

Q. Can you mention some of them? A. No, I cannot, because it is only from hearsay. I do not know just which lines they are.

Q. Several witnesses testified that the railroad facilities are such nowadays that they would prefer to ship by railroad than by canal. What is your experience in that line? A. Well, at certain times of the year that might apply, but only in the spring of the year, during the germinating period when we are handling corn, that is along in May, June and the first part of July. Then we do not like to send corn by the canal. But outside of that we would just as soon send by canal, unless it is something that we are in a rush about. Once in a while we wish to hurry freight forward, then we use the rail.

Q. These men claim that they can get special rates so low as to compete with the canal? A. Yes, sir.

Q. Do you receive such rates? A. I do not directly, but I sell stuff to people who do receive those rates.

Q. Do you export direct to Europe? A. I do, but all the export business I have done has been via Philadelphia and Baltimore. I have done some via Portsmouth.

Q. That is where shipments have been made, whenever you have had shipments by railroad? A. Whenever I have exported direct, I have exported via Montreal, Philadelphia and Baltimore.

Q. Why did not you do it by New York? A. I could do it cheaper the other way.

Q. At what difference? A. It varies sometimes; I could not state what difference, but it varies anywhere from a quarter of a cent up to one cent a bushel.

Q. How much does it take to turn a transaction? A. One-sixteenth of a cent a bushel.

Q. Then whenever you have a direct exportation you could not do as well via New York? A. Very seldom.

Q. Even by using the canal? A. Very seldom. Once in a while we can catch a berth steamer that has got to have more freight. We have put some small lots down and let it go out that way. It did not amount to anything. I have shipped this year—I have exported via New York 200,000 bushels of stuff.

Q. What do you call a small lot? A. Anything over eight thousand bushels, from eight thousand up to forty thousand.

Q. Those are berth lots? A. Yes, sir.

Q. How large are berth lots as a rule? A. Anything from eight thousand bushels up.

Q. Anything lower than that? A. No, sir.

Q. What is your opinion with reference to the Erie canal; Should it be deepened and enlarged? A. Yes, sir; it is the only salvation for New York city.

Q. With the enlarged canal your firm would be able to ship via New York, then? A. In the course of a few years New York would command the bulk of the trade, for the reason that larger boats would be built and run on the canal. There would be more tons. There is not enough tonnage on the canal now. If they

get to doing any business it is only a matter of a day or two when everything is tied up and we cannot get boats. If the canal was enlarged so that additional boats would be built, and for package freight coming back, it would naturally draw an immense amount of grain. Their rates would be as favorable as for Montreal or Galveston. The cheapest rate at present is via Montreal.

By Commissioner Smith:

Q. From Chicago? A. From Chicago and the whole northwest. About the time that Montreal came into the market, before the Canada Atlantic was completed, Chicago and Buffalo were suffering. Up to that time the Gulf took everything, but now, with the Canada Atlantic, the Midland route and the Kingston and Ogdensburgh route, we can get out by way of Montreal and let New York go. We have received relief in the west, but New York has not.

By the Chairman:

Q. If the Erie canal is enlarged, you also believe that the corporation limit of \$50,000 capital should be extended? No corporation can now have more than \$50,000 capital on the canal. A. Well, it may not be necessary for corporations. Individuals could own it. I did not know there was such a law.

By Mr. Fairchild:

Q. I think it would be very valuable if you would state for our record—explain just the conditions existing at Chicago for the receipt and shipment of grain, the exact local conditions as to elevators and elevator charges, and whether their elevators are controlled by the railroads. A. In Chicago the bulk of the elevators are owned by individuals or companies. A few of them are owned by the railroads, but the ones owned by the railroads are leased to individuals, who operate them. No railroads operate any elevators. Individuals or companies operate them all. Each railroad in Chicago has elevators located on its lines, and as fast as

the grain is received, which is intended to go to the elevators, it is switched to that elevator without any charge. The Chicago elevators charge three-quarters of a cent a bushel, which includes the first ten days of storage. That charge is for unloading the car, carrying it for ten days and putting it aboard a vessel or aboard a car, or delivering it to teams, whichever is desired by the party owning the grain.

Q. It has been suggested that the present conditions at Chicago were such regarding the territory that is tributary to it at the present time that the grain comes cheaper to Chicago for speculative purposes, by reason of the desire for storage there, and not because it would naturally come there. I would like to hear your statement as to conditions in that regard. A. I think the main thing that brings grain to Chicago is the competition by the people in the business. We have twenty elevating concerns fighting all of the rest of the elevators throughout the West for business.

Q. There is no combination of the elevators? A. No, sir.

Q. Has there ever existed a combination? A. No, sir.

By the Chairman:

Q. Have you any elevator interests in this city, or your firm?

A. Some of the members of our firm own some stock in one of the concerns in this city.

Q. Which one? A. The export.

By Mr. Fairchild:

Q. Are there any local charges in Chicago imposed by the railroads, aside from the freight rates, that would give an opportunity for any railroad, without cutting the freight rates, and by making concessions of such local charge, to influence the shipment of grain over its route? A. I do not quite understand. It is pretty broad. The railroads charge nothing for switching to an elevator.

Q. There is no charge whatever aside from the elevator charge and the freight rate? A. The railroad does not charge the eleva-

tor. There is no grain sent to any elevator, except by the owner of the grain, and he makes his own arrangement for the switching, and takes care of it.

Q. There is no local item of railroad charge, except the freight rate? A. That is all, unless the grain is sent off of the railroad on which it comes in. It may arrive in Chicago on the Chicago Northwestern, and some one may desire to send it to an industry, or to an elevator located on some other railroad, and then the Northwestern will charge for the expense of switching.

By the Chairman:

Q. What is the expense of switching? A. Two dollars per car.

Q. Do they charge for demurrage? A. Demurrage is always charged; one dollar a day.

By Mr. Fairchild:

Q. Have the changed conditions to which you referred, favorable to Chicago, by reason of the cheapness of the Montreal route, existed for a sufficient length of time to appear in any of the local statistics of Chicago? A. I do not know. I am not sure. I never bother with statistics. I do not know whether they would cut any figure or not. They have taken out a great amount of grain, and they are taking out more every day. They are getting additional facilities in Chicago for handling it, and Montreal is getting additional steamship lines.

Q. If for the past year the statistics of Montreal show an increase in shipments, and the statistics of the Gulf ports show a corresponding decrease, you would say that the explanation is the almost entirely changed conditions relating to Chicago by reason of the Montreal route? A. I don't understand that?

Q. If the statistics for the past year at Montreal and Chicago as to shipments of grain show an increase against a corresponding decrease at the Gulf ports, you would say that it was by reason of the changed conditions to which you referred favorable to Chicago? A. Yes, sir.

Q. You referred to the full cargo business. Is it not a fact

that grain is being shipped more and more by berth steamers, and even by large passenger steamers, and less in full cargoes? A. Well, no; I should not think so. I think that during the last five or six months possibly it has been that way, but still there is a large amount of business that is done by tramp steamers and all of the business that is done by tramp steamers is taken away from Chicago and New York, and possibly Montreal. They bill it via Philadelphia, Baltimore, Norfolk, Newport News and the Gulf ports. The bulk of the business done there is done on tramp steamers, full cargoes. That is the business we should have by the Northern routes. When I say "we"—what helps New York helps Chicago, and if you people help yourselves you will help us.

By the Chairman:

Q. Then Chicago is favorable to New York? It would give New York the advantage on an even deal? A. It is natural for it to do so. If we get the business to Chicago, it is a fight between New York, Boston and Montreal to see which one gets it. Philadelphia comes in to a certain extent, but Baltimore gets very little grain from Chicago. They take theirs all rail.

By Mr. Fairchild:

Q. The relations of Chicago to Baltimore and Montreal would be the same as to New York? A. Yes, sir; just the same.

Q. You have observed the fact regarding the increased shipments from New York for the year 1898, as compared with previous years. A larger amount of grain has been shipped from New York. A. I have not, although I would not be surprised for the reason that the railroads have made a little better rate via New York city than they had up to that time. They charged a differential, which has been cut in half, and that will help to a certain extent.

Q. That went into operation on February 1st of this year? A. Yes, sir.

Q. Prior to that the statistics show that the low mark was in 1896, and that there was a substantial increase in shipments in

1897, and a still further increase in 1898? A. The New York railroads have been waking up to the fact that we have been trying to impress upon them for the past four or five years, and that was the awful figure the Gulf ports were cutting. They are beginning to pay more attention to it, and the traffic men of the New York roads realize how important the Gulf competition is. They did not realize it until the Gulf began taking the package freight last year. The Gulf was not only taking the grain down, but it was bringing back package freight, and taking that high class freight away from New York, and this caused them to wake up. They are now trying to offset it, and possibly their efforts may help matters.

Q. There has been testimony given before this Commission in New York tending to show that the reason for the increase in New York port during the past two years has been caused by the greatly increased tonnage of the ships and ocean steamers, reaching a point where the passenger steamers are now constructed to carry grain, and tending to show that these conditions being permanent, the full cargo vessels are becoming a thing of the past, and that New York has no reason to fear because of the loss of her full cargo business. Your observation would lead you to disagree entirely with this conclusion? A. Yes, sir.

Q. You have not found any decrease in the traffic of full cargo vessels, as compared with former years? A. There is no decrease in the tonnage of the tramp boats; there may be an increase in the berth steamers to a certain extent, but still I do not think enough to cut any figure in the volume of business, and the cause of this additional business is the railroads pushing more for it against the Gulf, and the fact of the large lines west of Chicago making every effort to bring it to Chicago. There are certain lines in the West—the whole thing goes back into Kansas, Nebraska and Iowa—there are certain lines of railroads running to the Gulf that try to give as low a rate as they can make to the Gulf, and the lines running east of Chicago try to get a rate allowed them by the West, so as to compete with the Gulf,

and each one is all the time trying to get the advantage of the other one. Up to two years ago the Gulf had the advantage. They had some very low rates. The lines east had high rates. What I mean by that is east from Iowa and Nebraska to Chicago. Those rates have now been greatly reduced. Besides that the roads from here to New York city have reduced their rates. The transfer charges here have been reduced. The Montreal low rate has caused the Buffalo roads to reduce their rates. Last year the railroads east from Buffalo made a pool and decided that they would not take less than a certain figure. They were going to insist upon it. In Chicago we commenced to ship all our freight by way of Montreal. Everything went that way. The roads sat here for about a month and didn't get any business, then they commenced to lower their rates to compete with Montreal. This year they have no pool.

Q. Then you consider the question of terminal and elevator charges here in Buffalo a very important item in competition with Montreal, and in New York's commerce? A. To a certain extent it has been reduced very largely. Buffalo is the only port that has made any reduction. They have made a reduction here, but no reduction has been made in New York.

By the Chairman:

Q. Are you acquainted with the charges here in this port? Do you know the charges they make here? A. Yes, sir.

Q. What are the charges? A. One-half a cent a bushel.

Q. What were they formerly? A. One and one-eighth of a cent a bushel.

Q. They were reduced from one and one-eighth cents to one-half a cent? A. Yes, sir.

Q. In your opinion that is a fair rate—one-half a cent a bushel? A. That is a fairly low rate.

Q. Your firm is interested in an elevator here? A. They hold some stock.

Q. They are not in control of the elevator? A. I do not know whether you would call it control, or not. They are stockholders.

Q. Are their rates the same—one-half a cent a bushel? A. Yes, sir.

Q. They are doing well? A. Not particularly; it pays a fair interest on the investment. There is no big money.

Q. At half a cent there is a fair profit? A. It is a fair investment.

Q. Are you acquainted with the charges in New York? A. Yes, sir.

Q. What are the charges there? A. It costs the railroads about a cent and an eighth a bushel.

Q. For elevating? A. No, it costs the railroads one and one-eighth cent a bushel to take the grain out of the car, through the elevator, put it on a canal boat, and tow the canal boat alongside the steamer, and then the floating elevator company, of New York, I think it is called the International Elevator Company, charge, I think, in the neighborhood of seven-eighths of a cent a bushel. I think their tariff was one and a quarter cents, about, but I think that they cut it. I have heard rumors to that effect.

Q. That original charge is one and an eighth cents, you say? Can that be reduced, do you think? A. It is pretty hard to reduce it under the present system of putting it into a little, small canal boat, and towing it around the harbor, having storage and insurance charges on a poor class of boats. It could be reduced to a certain extent if they would have large lighters, as they have in Philadelphia. Philadelphia has lighters which carry 40,000 or 50,000 bushels.

Q. That is, the Pennsylvania railroad has? A. Yes, sir, and the Lehigh Valley.

Q. The Pennsylvania railroad does a very extensive business in New York? A. Yes, sir, but Philadelphia is their best port.

Q. They have the best facilities in Philadelphia? A. Yes, sir. In Philadelphia there is very little grain lightered to the ocean liners. There are only one or two lines that do not go to the elevators. They do not have to lighter much grain, the most of the boats go to the elevators.

Q. The large boats in New York would not go to the elevators? A. No, sir, but they would take a less freight rate to even it up.

By Commissioner Smith:

Q. How much saving do you make by using Montreal over New York now? A. I shipped some stuff the other day and saved about five-eighths of a cent a bushel. That was on one block of half a million bushels of stuff.

Q. Is that your average saving? A. No; I cannot say that it is. I think to-day Montreal tonnage is scarce, and they are badly blocked up. Probably to-day I could not do as good as that, or as good as I could by New York. As soon as they get relief we will be able to do a little better.

Q. Did you prefer Montreal last year to a large extent? A. Yes, sir.

Q. You effected a saving, and that was the reason you did it? A. Yes, sir.

Q. Can you give an average of the amount of saving effected? A. Last year it would be about one-quarter to half a cent a bushel. The Canada Atlantic people are bright. They watch the rate east of Buffalo, and the rate on the lakes, and they will make a through rate about one cent or one and a quarter cents under, so as to get the business.

Q. Will you state what the amount of your export grain business is? A. Well, I could not state the exact amount. It is not very large. We do only a moderate business, that is in the direct export line. We put a whole lot of stuff afloat and sell it to New York exporters after we have it aboard. We sell a large amount of stuff to New York people which goes out by way of Montreal.

Q. The object I had in asking that question was to follow it up by asking whether it would pay the firm of P. D. Armour & Company to own their own elevators in New York. With the business that you do, would it pay you? A. That is a question we have debated in our minds for two or three years.

Q. You have not settled it? A. No, sir.

Q. Are you at all familiar with your provision export business? A. No, sir.

Q. You do not know why it is not shipped by canal, do you?

A. No; I don't know; I have nothing to do with that class of business.

Q. You could not state what conditions might be established on the canal that might direct it that way? A. No, sir; because I am not posted.

Q. Will you give me the name of the member of your firm, or representative, who has charge of that department, who could give us information on that point? A. George B. Robbins.

Q. What department? A. Manager of the railroad department.

Q. At Chicago? A. Yes, sir.

By Commissioner Shayne:

Q. If the facilities by the canal were such that you could ship your grain by the Erie canal, you would soon build an elevator at New York? A. Either we would, or some one would. It would attract capital at once if the Erie canal was enlarged so that we could put a fair sized line of boats on it. Capital would at once build; they would not wait a minute. They would even build small boats now, if it were not for the agitation that is going on with regard to the canal, which keeps them from building. As soon as large boats are built, there will be facilities erected in New York, floating elevators, or something of that kind. It would attract attention right off. People would put their money in it.

Q. Chicago would prefer to ship by New York, rather than by Montreal or some other port? A. Yes, sir; they would naturally ship by a port of the United States. Still they would not prefer it unless they could do it for the same money.

By Commissioner Smith:

Q. Do you personally know people who would establish a line of boats on the canal? A. No; I don't.

Q. Would your own firm think of doing it? A. Well, I could not say.

Q. You have not thought about that as much as you have about the elevator proposition? A. No, sir; we cannot talk anything

about the canal now. It does not amount to anything. The total tonnage in a year does not amount to enough to pay any attention to it.

Q. You mean the tonnage you have to move. A. Yes, sir; the canal boats are too small and there are not enough of them.

The name of S. V. Parsons was here called, but Mr. Parsons did not answer.

CARLETON T. LADD.

CARLETON T. LADD, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name? A. Carleton T. Ladd.

Q. You live in this city? A. Yes, sir.

By Mr. Fairchild:

Q. What is your business? A. I am connected with the firm of the Watson Canal elevator. Manager.

Q. How long has that elevator been in existence? A. I understand it was constructed in 1862. I have been connected with it since 1886.

Q. What is its capacity? A. Six hundred thousand bushels.

Q. Is your elevator associated with any pool or combination of elevators at Buffalo at the present time? A. No, sir.

Q. Has it been? A. Up to last year it was. It was not last year or this year.

Q. For how long a time prior to last year was it associated in the combination with other elevators in Buffalo? A. To my personal knowledge since 1886.

Q. At the time you made your first connection with that elevator it was then in the combination? A. Yes, sir.

Q. You do not know for how long a time prior to that it had been in the combination? A. No, sir; only from hearsay.

Q. Will you explain what that arrangement was among the elevators in Buffalo at the time the Watson Elevator associated with them in the combination? What was the agreement? A. It

was simply that we should get all of the elevators into the association and maintain the rate.

Q. Did it relate to the amount of business that was to be done by each of the elevators? A. And to a certain extent the facilities gave the rating in a general way in the pool.

Q. The facilities of each elevator formed the basis upon which they had an interest in the pool? A. Yes, sir.

Q. Do you mean by that that all of the earnings of each elevator went into a pool and from that pool there was a division? A. Yes, sir.

Q. Are you familiar with the amount of earnings received by the central association from the business of all the elevators? A. I have no way of knowing.

Q. You are familiar with the amount of the earnings of your elevator during all of that period? A. Yes, sir.

Q. The amount you turned into the pool and the amount you received from the pool? A. Yes, sir.

Q. Will you state what that was? A. Well, it ran from \$20,000 to \$35,000 a year.

Q. Are you now referring to what you paid into the pool? A. No, sir; what we received.

Q. What amount did you pay into the pool during the years that you received from \$20,000 to \$35,000? A. I never figured it up. The collections were all made by the association. I have made statements, but I am not prepared to produce them. I did not know what I was called for. The statements are not in my possession, they are in the possession of the owner.

Q. Can you produce the statements at an adjourned hearing of this Commission? A. I do not know how I could, unless I should take the time for it. I could do it. I could not do it so much on storage. During the last few years the association was liberal on extra storage, so I have no way of knowing whether it was collected or not. The elevator collected no money whatever.

Q. All of the business was done by the officers of the association; the working of the elevator was all that was done by the owner of the elevator? A. That was all.

Q. You took whatever grain was sent to you? A. Whatever grain we could solicit to go there.

Q. Did the amount that your elevator received each year depend on the amount of business that you did during the year, or upon the amount of business that you had done on previous occasions? Which formed the basis? A. It was what we could do. We never really did what we could do. We did not consider it advisable to spend so much money in doing the business when we did not get any more for it.

Q. How near did you run to the full capacity of your elevator, for each year while you were connected with the association, while your elevator was in this association? A. I think there were two years that we did not earn anything compared with what we received in dollars and cents. Outside of that I think we earned all we received.

Q. What were those years? A. I think 1895 and 1896. I think during all the other years we did business enough—we did not take anything out of the pool that we did not put in, that did not belong to us.

Q. How did the amount of business done by your elevator compare with the full capacity of the elevator during those years? A. Not over a quarter.

Q. Have you any idea as to whether any other elevators belonging to the pool received more than they earned? A. Yes, sir.

Q. What elevators received a better share, as compared with their earnings, than your elevator? A. I do not know as regards more than we did. There are other canal houses that did not do anything during that time. They were in the pool and got their dividends without doing any work.

Q. What houses were they; can you state? A. The Richmond & Brown Storage House and the Lyon.

Q. You say the Richmond did no work? A. No, sir.

Q. For how long a time was the Richmond idle? A. I don't think she has run for five years.

Q. She is not now running? A. No, sir.

Q. Is she now in the pool? A. No, sir.

By the Chairman:

Q. Is there any pool now? A. There is a pool of the railroad houses only.

By Mr. Fairchild:

Q. You are not in the pool now? A. No, sir.

Q. What railroad connections has your elevator? A. None whatever; we are isolated.

Q. You are dependent entirely on the canal? A. Yes, sir. Those houses I have mentioned are isolated. Only the houses that have rail connections are in the pool.

Q. Up to 1897 all the elevators in Buffalo were in the pool? A. I believe so.

Q. And a large number of them were not used at all? A. Yes, sir; quite a number of them.

Q. And yet they received dividends from the pool? A. Yes, sir.

Q. Some times these elevators which were not being used were unused for so long a time that they had gone out of condition and could not be used? A. Yes, sir; quite a number of them.

Q. How about the Erie basin elevator, was that used? A. It was never run in my time, that is for fifteen years anyway.

Q. And it was a member of the pool? A. Yes, sir.

Q. And received its dividends? A. Yes, sir.

Q. Was its condition such that it could run; it has not been in condition to run during your time? A. No, sir.

Q. How about the Lyon elevator, could that have been used; was it in condition to run? A. I don't think it ever ran over two seasons; that was twenty years ago; it was a new elevator then.

Q. Has it been dismantled? A. It has run down; it has been in the pool all the time.

Q. That elevator is no longer in the pool? A. No, sir.

Q. All of these elevators that we are now referring to were in the pool up to 1898? A. Up to 1897.

By Commissioner Smith:

Q. And received a division of the earnings? A. Yes, sir.

By Mr. Fairchild:

Q. How about the Schreck elevator? A. That is in the Ohio basin; it is a tower connected with a mill.

Q. Was that used at all? A. I think in 1880 it was used a very little; it got into the pool and has not run since.

Q. Is it in a condition to run now? A. I do not know to what extent they use their machinery for the mill; it is in connection with a mill.

Q. It never was used for any other purpose except a mill? A. They elevated a few cargoes.

Q. But, generally speaking, it has been only used for a mill? A. Yes, sir.

Q. With possibly an exception now and then? A. That is all.

Q. I presume the reason it was taken into the pool was because it was capable of being used for some other purpose than a mill? A. Yes, sir.

Q. How about the Sternberg elevator? A. The elevating part of the elevator was burned—I have forgotten what year it was burned; there is a storage house there now.

Q. About how long ago was it burned, approximately? A. Ten years, I guess; I have forgotten what year it was burned.

Q. Up to the time it was burned do you know whether it was being used at all? A. Yes, sir; it was being used continually.

Q. It was a member of the pool? A. Yes, sir.

Q. And continued a member of the pool after it was burned and was not in use? A. I could not say as to that; I imagine it was.

Q. How about the Swiftsure elevator? A. I do not think it has worked in twenty years.

Q. It was also in the pool? A. I believe so.

Q. How about the William Wells elevator? A. It has been a good many years since it run; they did some repairing there four years ago, but they are not elevating.

Q. It is not in a condition to be used now? A. I don't think so.

Q. Do you know whether the Erie canal elevator at Black Rock is now in the pool or not? A. She is not.

Q. Was that elevator in the pool up to 1897? A. I believe it was.

Q. Do you know whether it was or not? A. The owner of the elevator here says not.

Q. How about the National elevator, is that now being used? A. It is connected with the flaxseed works. They put up a tower, but there is no storage. They did elevating in 1880, and got into the pool.

Q. That was when the elevator was constructed for the owner's own business? A. It looked that way in the first place.

Q. And at the same time, by reason of being able to do the extra business, it was taken into the pool? A. Yes, sir; for elevating a good deal of their own business.

Q. Is that any longer in the pool? A. No, sir.

Q. How about the Heusted elevator? A. She has no water front. It is a mill; it has no water front.

Q. Was it ever in the pool? A. No, sir; I don't think it was. It is inland.

Q. The National elevator at Black Rock, was that ever in the pool? A. If it was, it was before my day.

Q. Now, you say that the Richmond elevator is no longer in the pool? A. No, sir.

Q. Has that elevator railroad connection? A. No, sir.

Q. Can you state whether any of those elevators about which you have testified are in any condition to be used? Do you know whether, at the time the pool was formed, they were in condition to be used; at the time that it was first arranged that they should not be used? A. You mean some years ago; yes, sir.

Q. Originally they were all in a condition to be used? A. Yes, sir.

Q. When this pool was formed, and in accordance with the

pool arrangements, some of the elevators were not used at all and received their dividends? A. Yes, sir.

Q. And by reason of not being used they soon get out of condition? A. That is right.

Q. As a result of standing still? A. Yes, sir.

Q. They have for years been in that condition; they continue to receive their dividends? A. Yes, sir.

Q. And being ruined by non-use in the year 1897, when the pool was formed again after the break in 1897, they were dropped out altogether? A. Yes, sir.

Q. Do you know whether there are any elevators in this new pool arrangement in Buffalo that are capable of being used that are not being used? A. By making repairs, if they would make repairs, they could.

Q. You are referring to the elevators which are now in the pool? A. No, sir.

Q. Do you know of any elevators now in the pool that can be used, but are not used? A. Yes, sir.

Q. What elevators? A. The Wheeler, the Wilkinson, the Bennett and the Union. I understand the Evans is going to close, but they still have a gang in it.

Q. How long a time of disuse would render these elevators, that are in the pool and are not being used, incapable of being used? A. Any elevator stands in better shape when she is used, because if you are working her you must keep her up. As long as you let her lay—for instance, last fall I thought I was in good shape. This fall my elevator was no good at all.

Q. How long a time of disuse would render an elevator incapable of use without practical reconstruction? A. A year.

Q. A year would do it? A. A year.

Q. How does your business now, since you are not in the pool, compare with the amount of business done by you when you were in the pool? A. The earnings?

Q. Yes, sir. A. In comparison, we are not making anything.

Q. Are you doing anything? A. Yes, sir.

Q. How does the operation of the elevator, the extent of the

operation, compare with the extent of the operation when you were in the pool? A. Not being in the pool, we started in to do canal business; all we could do. We started in at a rate of one-quarter of a cent. We have elevated all the way from one-quarter of a cent to free elevation.

Q. You do not make any money at free elevation? A. All we get we get from the vessel.

Q. Where you do your business—where you elevate free—that is because the railroad elevators have compelled you to do it?

A. Yes, sir; they started to elevate grain free.

Q. When they do that you have to do the same? A. Do the same or quit.

Q. How long do you expect to be able to elevate under those conditions? A. I don't know. It depends on the increase in the receipts.

By Commissioner Smith:

Q. How much of it have you done? A. About 2,000,000 bushels.

Q. How much have you done this year free? A. About 300,000 bushels.

Q. You are now doing it free? A. Yes, sir.

By Mr. Fairchild:

Q. Can you state approximately what dividends you received from the pool, when you were in the pool? A. I said from \$20,000 to \$35,000 per year.

By the Chairman:

Q. What is your capital? A. It belongs to an estate. I have no idea of the amount of capital.

Q. What is the value of the plant? A. \$300,000. It has been offered for \$300,000.

Q. Then you received from \$20,000 to \$35,000 a year on your investment? A. That is gross.

Q. What do you mean by gross? A. Gross receipts.

By Commissioner Smith:

Q. You paid your expenses out of that? A. Yes, sir.

By the Chairman:

Q. What were your expenses? A. \$15,000.

Q. So that you had a profit of \$5,000 some years? A. Yes, sir.

Q. Twenty thousand dollars was the lowest you received in any one year? A. Yes, sir.

Q. What was the highest? A. Thirty-five thousand dollars. Before I went there the elevator was closed. It did not run at all. I don't think it had run for ten years.

By Commissioner Smith:

Q. Does the \$15,000 a year include repairs to your elevator? A. Yes, sir.

By the Chairman:

Q. I believe you stated that the elevator did not run for ten years? A. She was closed before I went there in 1886. She did not receive so much at that time. She didn't do any business.

Q. How long was she idle before your time? A. Long before that.

Q. And during the period of the pool was she idle? A. Yes, I think she got about \$15,000 a year then.

By Commissioner Smith:

Q. Why are you not now in the pool? A. They will not take me in. There is no question but what there are a lot of houses in the pool which should not be in the pool, and the only reason they took them in was because they feared their making a disturbance. They compromised the matter, giving them a certain number of shares, and closed the houses.

Q. Who told you they would not take you in? A. They formed a pool this year and left out all the canal houses.

Q. Those now in control of this pool told you they would not take you in? A. They sent word to all the elevators except the canal houses.

Q. Didn't you go to see why you were not taken in? A. I tried to make up some kind of a deal.

Q. They refused absolutely? A. No, they did not refuse; they said they would talk the matter over.

Q. What reason did they assign for not letting you in? A. They think they can freeze us out.

Q. They gave a reason? A. No, sir. They did not give any reasons.

Q. They just remained dumb, when you talked with them and asked for information? A. They treated me very gentlemanly, and didn't tell me anything.

Q. What is the reason? Do you think it is because you have no rail connections? A. Yes, sir.

Q. If you had a rail connection, could you do business with the pool? A. Yes, sir.

Q. Would it be advantageous for you to put in a rail connection? A. If it was my property I would.

Q. Do you think the pool is the best way of doing business? A. We cannot make a cent unless we are together.

Q. What was the basis of this pool? A. I could not say. An elevator in disuse was not given as much as an elevator in use.

Q. Those who did the larger amount of business received larger dividends? A. Yes, sir.

Q. Are the people who manage the railroad elevators in charge of the pool? A. They were the ones who formed the pool.

Q. You stated that you were not so anxious to get business when you were in the pool, because you got just as much money anyway? A. Yes, sir.

Q. You could have got more business? A. Yes, sir, by soliciting it.

Q. It was not worth your while? A. It would not have diverted the earnings to any one.

Q. Your plan was to keep the machinery in good condition by its use? A. Yes, sir.

By Commissioner Shayne:

Q. If the canals afforded better facilities, it would be best for you to be connected with the pool? A. Not if I could maintain rates.

Q. You are in favor of the improvement of the canal? A. Yes, sir; I think if the improvement of the canal was such that they could float larger boats, I think all the canal houses would have something to do.

Q. You would then be independent of the railroad houses? A. Yes, sir.

By Commissioner Smith:

Q. What would you consider a good paying rate for you to do business the year around? A. Half a cent a bushel.

Q. You could make money on that? A. It would be a paying investment.

Q. A modern elevator, one of those steel cylinder elevators, is constructed for much less than yours was, is it not? A. They have the advantage in insurance.

Q. The construction is less per bushel, is it not? A. They tell me so.

Q. They can be operated for much less? A. It is simply the insurance. They have the same delivery.

By the Chairman:

Q. What official had charge of the division and rates? A. Of the association?

Q. Yes, sir. A. They appointed a committee.

Q. Did they have a different committee each year? A. At one time they formed a committee for three years, so there was no disturbance for the three years.

Q. Were you ever on that committee? A. No, sir.

Q. Do you know any gentlemen who were? A. I could not state at the present time.

Q. Who are now? A. I could not say.

By Commissioner Smith:

Q. You do not know the names of the committee at present? A. I understand they are Mr. Sowerby, Mr. Douglass and Mr. Evans.

By Mr. Fairchild:

Q. Mr. Sowerby is president of the association? A. I believe so.

Q. You say the Richmond elevator is also a canal elevator? A. Yes, sir.

Q. Are there any elevators that have been left out of the pool besides yours and the Richmond? A. The Lyon.

Q. All of the transfer towers were in the pool up to 1897? A. Yes, sir.

Q. They have also been left out? A. Yes, sir.

Q. Suppose this association of the railroad elevators should succeed in their endeavors to freeze you out and the other canal elevators, to what extent would that give the railroad elevators the control of what shipments should or should not go over the canal? A. I don't know that it would give them any, any more than they would elevate all the canal grain and get a half cent a bushel.

Q. They could then charge so much more for canal grain, and no grain would go over the canal? A. That was my object in making the canal rate a quarter of a cent instead of a half cent a bushel, because the railroad rate was so close to the canal rate that if it went to half a cent a bushel the canal would not get any of it.

Q. Has there been a time in the history of the pool when a different rate was made for elevating grain going by canal instead of by rail? A. Never before unless it was in the condition that it is in at the present time.

Q. Now they are doing that? A. Yes, sir.

By the Chairman:

Q. What was the cause of the breaking of the pool in 1897? A. Last year there was a pool up to the 27th of June. The Export elevator and the Northern could not agree on sharing, and the Electric elevator, too, and the result was that it went all to pieces. Elevating for the balance of the season was for anything you could get—from one-eighth of a cent to free.

Q. Was the Electric elevator the one that broke the rates?
A. I do not know who broke the rates. On the 27th of June they went all to pieces.

Q. The Electric elevator is a new one? A. And the Export and the Northern.

Q. When were they built? A. Last year was the first year for the Electric, and the Northern and Export a year before, running individually.

Q. Were they built to break the combination? A. I understand the Export came in here to handle their own business at their own rates.

Q. Who were the owners? A. Chicago people, Armour & Company. They ran by themselves that year. They were allowed to run by themselves. They said they would maintain rates, and I guess they did. They received all their earnings.

Q. They made no division of their earnings? A. No, sir.

Q. Who were the next parties who came in? A. The Northern and the Electric came in last season.

Q. They wanted to do business in the same way, maintain rates and pay nothing into the pool? A. They were not allowed to.

Q. The rates were cut then? A. Yes, sir.

Q. Are those three elevators in the new pool? A. Yes, sir.

Q. Are they in a condition to maintain rates? A. They are in a fine condition.

Q. They are up to date elevators? A. Yes, sir.

By Commissioner Smith:

Q. How many elevators are there in the pool? A. About twenty.

Q. Are they capable of doing all the business of this port?
A. They are at the present time.

Q. Do you think there are times when they would not be?
A. Oh, yes, without delaying vessels.

Q. How many elevators are there in the port, all told? A. Forty odd, including all those little towers. Some of them have not run for many years.

Q. How many would you say are not capable of use? A. Twenty odd.

Q. Then the port depends on the twenty to do all the business? A. Yes, sir. There has been no trouble this year as regards facilities.

Q. The addition of these three new elevators here of course increases your facilities. A. Yes, sir.

Q. What is the capacity of these three elevators for storage? A. Two million and a half and a million. I have forgotten the capacity of the Export. They have put on an addition.

Q. Approximately, what would you say? A. 700,000 bushels.

By the Chairman:

Q. Those three elevators, do they pay into the pool their earnings? A. Yes, sir.

Q. The Northern elevator? A. Yes, sir.

Q. And the Electric elevator? A. Yes, sir.

Q. And the Export? A. Yes, sir.

Q. Do they receive at present an amount equivalent to what they are earning? A. I could not say. I don't know what they are getting out.

By Mr. Fairchild:

Q. You called at the office of the association in your endeavors to get into the pool again. With whom did you have a conversation? A. I went to see the secretary.

Q. That is Mr. Cook? A. Yes, sir. I asked him if there was not some way that we could fix it up, where we could maintain rates, or have two rates, or get into the pool.

Q. Would you limit the amount, the minimum amount upon which you could make a profit to half a cent a bushel. Would you limit it to half a cent a bushel as the minimum amount upon which you could make a profit year in and year out? A. I could not.

Q. Do you suppose you could make a profit at three-eighths of a cent a bushel? A. If I could work day and night right through, I could make a profit at three-eighths of a cent a bushel.

Q. As business goes year in and year out? A. I think it would be too low.

By Commissioner Smith:

Q. By soliciting business, could you get enough to make a profit at three-eighths of a cent a bushel? A. We would have to be working day and night, right along.

Q. You don't think you could solicit enough business to do that? A. No, sir, not with competition. I cannot get enough business at free elevation. That is the condition of things to-day.

Q. You think that is likely to be a permanent condition? A. I do not know. I could not tell you.

Q. What is your idea? A. I am in hopes all the time that we can make some change whereby the price can be maintained at a certain figure.

Q. Have you heard anything about the entire elevator charge being wiped out? A. I have heard rumors that they were going to burst, but I do not think they will.

Q. The railroads might find it to their advantage not to make any charge for elevating here? A. I have heard rumors. I have heard that they would use the elevators the same as they use their warehouses for freight. For instance it was a hard thing to get the pool formed this last spring. They wanted to make the rate a quarter of a cent.

Q. The railroads did? A. Yes, sir. I don't think the elevators can elevate for a quarter of a cent.

Q. Do you think the railroads are likely to make it a quarter of a cent? A. It is a possible thing.

Q. Who stood for the quarter of a cent? A. The Erie, I think.

By Mr. Fairchild:

Q. You mean the elevators in the pool are owned or controlled by the railroads, A. The City "A" and "B" the Erie and the connecting terminal.

Q. The City "A" and "B," what railroad is that? A. The New York Central.

Q. And the Evans? You spoke of the Evans? A. That is the connecting terminal elevator. There is an elevator called the Evans also.

Q. Who owns that? A. That is in the pool.

Q. The railroads do not control that? A. It is in the pool and has a railroad connection.

Q. I am not referring to the railroad connection. I am referring to the elevators controlled by the railroads. The Exchange elevator, is that a railroad elevator? A. Yes, sir.

Q. Of the New York Central and West Shore? A. Yes, sir.

Q. And also the Ontario railroad? A. Yes, sir.

Q. And the Erie elevators are the Niagara "A," "B" and "C?" A. The Niagara "A," "B" and "C" have a connection with the Erie.

Q. Whom are they controlled by? A. Mr. Sowerby is manager.

Q. In addition to this connection, are they controlled by the railroad? A. I do not think so.

Q. I am not asking you as to what elevators have railroad connections, but I am asking you, irrespective of that, what elevators are owned or controlled by the railroads? A. The city "A" and "B," the Erie and the connecting terminal.

Q. Are these the only elevators owned or controlled by the railroads? A. Yes, sir, I think so. There is one other, but it is not running, the Union, belonging to the Lackawanna road.

Q. The floating elevators are not being used at all now? A. No, sir.

Q. They were in the pool formerly? A. Yes, sir.

Q. And they are not now in the pool? A. No, sir.

Q. Why are they not being used? A. The free elevation prevents their being used. The canal business seems to change almost every year. There are times when you can get a block of boats, and you can get a vessel to go to a floater to be unloaded. They must have a rate for doing it. This year there has been no chance for them to do it.

Q. If the floater can only get one or two canal boats to go to

a ship they cannot do business? A. The vessel will not wait to-day the same as it used to.

Q. And that is equally true of the stationary transfer elevators? A. There are some transfer towers equal to storage elevators, so far as transferring is concerned.

Q. To enable them to do work they also require a block of canal boats under the present conditions? A. Yes, sir. The storage houses put the grain in storage, and load as the canal boats may come.

Q. The stationary transfer elevators are the same as floaters in requiring a block of canal boats to do business? A. Yes, sir.

Q. In order to get business now storage capacity is required in addition to elevating facilities? A. Yes, sir.

By Commissioner Smith:

Q. What is the reason you cannot get canal boats now? A. We do get some, but they can get their loads at storage houses so much quicker. There is no retention of the vessel, and sometimes the vessel will refuse to go to a floater or transfer tower.

Q. The vessel that brings it into the port here? A. Yes, sir.

By Mr. Fairchild:

Q. The storage elevator is more expensive in operation than the small transfer elevator? A. Yes, sir.

Q. Considerably more? A. Yes, sir.

Q. If a storage elevator can be operated at half a cent a bushel and make a good profit, how low a charge, and making a profit, could simple transfer towers or floaters do business? A. If they could get the business, they could do it at a quarter of a cent.

Q. As the business goes, year to year? A. They could not do it.

Q. The storage elevators, as business exists year in and year out, could do it and make a profit at half a cent a bushel? A. Yes, sir.

Q. You have also stated that the floaters could do it at less than that? A. Yes, sir.

Q. How much less? A. A quarter of a cent.

Q. Just as business goes, year in and year out? A. Not in the present state of affairs.

By Commissioner Smith:

Q. Is there less business than usual this year from this port?

A. Yes, sir.

Q. Is there now? A. Yes, sir.

By Mr. Fairchild:

Q. In ordinary years the floating elevators could do business at a profit at a quarter of a cent a bushel? A. Yes, sir.

Q. You say that at the present time there is not much grain business at Buffalo? A. Yes, sir.

Q. Do you know where it is gone? A. No, sir.

Q. Do you know anything about the conditions at Erie? A. No, sir.

Q. Nor at Fairport? A. I know only from hearsay. I am not capable of answering that.

Q. Nor in regard to the trade that goes to Montreal? A. No, sir.

PHILOS G. COOK.

Mr. PHILOS G. COOK appeared and was duly sworn by the chairman, but as Mr. Fairchild stated that he would not be able to complete his examination at this sitting of the Commission, an adjournment was taken until July 27th, at 11 o'clock a. m.

BUFFALO, *July 27, 1899.*

A public hearing of the New York State Commerce Commission was held this day in the rooms of the Board of Trade, city of Buffalo, at 11.20 o'clock a. m.

Present: Commissioners Chas. A. Schieren, chairman, C. C. Shayne, Alexander R. Smith, Secretary; also Ben L. Fairchild, counsel.

CHARLES F. STERNBERG.

CHARLES F. STERNBERG, called as a witness, having been first duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. Charles F. Sternberg.

Q. Where do you live? A. 56 Board of Trade.

Q. That is your business address? A. Yes, sir.

Q. You live in this city? A. Yes, sir.

By Mr. Fairchild:

Q. What is your business? A. I am a grain forwarder, contractor.

Q. Are you the owner of the grain elevator known as the Sternberg elevator? A. Partial owner.

Q. Where is that elevator located? A. At the Ohio basin of the Erie canal, at Michigan street.

Q. Is it an elevator that has railroad connection? A. Yes, sir; it is not an active elevator.

Q. Is it capable of being used at the present time? A. No, sir.

Q. How long has it been incapable of use? A. Since 1883. The active working part burned in 1883. There were two elevators, A and B. B is the remaining house, it is a storage house; it was fed by A. A was burned in the fall of 1883.

Q. The one in existence is merely storage? A. That is all.

Q. And no endeavor was ever made to reconstruct the elevator that was burned in 1883? A. There was an effort made but my partner did not wish to rebuild.

Q. When it burned in 1883, was it then running; a very active elevator up to that time? A. Yes, sir.

Q. Has the Sternberg elevator ever been in the combination or pool here in Buffalo? A. Yes, sir, up to a year ago.

Q. Prior to 1883, when it was active, it was in that pool? A. Yes, sir.

Q. And received its dividends from the pool? A. Yes, sir.

Q. Paying its own operating expenses? A. Yes, sir.

Q. And that dividend was based upon what? A. It was based on its business capacity, which I gave it.

Q. Which you gave it at the time you entered the pool? A. Yes, sir.

Q. What date did you enter the pool? A. Possibly in 1860; one pool or another has been in existence since 1860.

Q. You do not mean that from 1860 to 1883 you continued to

receive dividends upon the basis as to its capacity, that you did in 1860? A. Every year from 1860 to 1883.

Q. At the end of each year the capacity of the elevator for the year previous was taken for the basis of your dividends for the succeeding year? A. That was the basis upon which it was worked.

Q. Did you continue to receive dividends after the elevator burned in 1883? A. Yes, sir, up to last year, the spring of 1898. They reduced the dividend of course, because we had no active elevator; our share was cut about in half.

Q. Upon what basis did you receive any dividends after your elevator was incapacitated? A. Well, I don't know; that is a difficult question to answer. They gave us shares for the reason that if we rebuilt we would probably double the number of shares and they thought it policy to give us a certain number of shares and continue along and not rebuild. I was giving them business all the time.

Q. In other words, it was to prevent additional competition with the elevators then in existence and active? A. Yes, sir.

Q. Were your dividends then the same each year from 1883 until the dissolution of the old association? A. About the same basis. The earnings of the elevators varied somewhat according to the receipts of grain. It was on about the same basis.

Q. Can you state how much you received for the year 1897? A. Well, from memory I should say about \$600 a share.

Q. On how many shares? A. Seventeen.

Q. And in 1896 how much did you receive? A. I think that was the basis, from memory. I should think the average for several years was \$600 a share, it might have varied; in some years it might have been about \$500 per share; in some years \$700 per share, but \$600 is a good average.

Q. From 1883 down? A. Yes, sir.

Q. Prior to 1883 you averaged about double that amount, did you? A. No; I will not say double that; I cannot remember exactly, its so far back. I think when we were alive we got twenty-two shares. The association shows all these things better than I can speak from memory, the Western Elevating Association.

Q. The books will show it? A. Yes, sir.

Q. Have you in contemplation now the reconstruction of your elevator? A. No, sir.

Q. With rail connections, would it not pay you to reconstruct? A. I don't think so with its present ownership.

Q. Why do they leave you out of the present pool? A. Because we are not active; we cannot work.

Q. But they kept you in the pool from 1883 to 1897, because you could reconstruct? A. Yes, sir.

Q. And might be capable of working? A. Yes, sir.

Q. Why does the same reason not exist now? A. I can only say because there were two or three large elevators which came into existence, and they only treated us as they treated all others, which they called deadwood; we could not earn anything and they dropped us. You will have to ask the powers of the association, I cannot answer; I am willing to receive any dividends we can get now.

By Commissioner Smith:

Q. You have asked them, yourself? A. No; I have not; we were just dropped, that is all.

By Mr. Fairchild:

Q. Is the existence of these new modern elevators one of the elements that prevents you rebuilding? A. Well, I cannot see any object in doing it with these large rail elevators in existence. There is too much capital involved for any individual unless you have a business connected with it to warrant it.

By the Chairman:

Q. You are afraid you cannot compete? A. Yes, sir.

Q. What would be the price? A. I do not know, I have not figured it. The large interests would do the business and the small ones could step aside.

By Mr. Fairchild:

Q. Have these elevators been getting more in the control of the railroads than they have in previous years? A. Yes, sir.

Q. Becoming more and more in control? A. Yes, sir.

Q. Can you state what elevators are now in the control of railroads or owned by railroads? A. Well, I cannot say positively that any railroad owns any elevator.

Q. You do not know? A. Not to a certainty; I can only surmise. I suppose the Erie owns theirs, and the New York Central owns the city elevator, the Lackawanna the Union.

Q. As to any other elevators, do you know of any case where indirectly a railroad has the control of any of the elevators in cases where they do not actually own them? A. Well, I cannot say that I do.

Q. Are you acquainted with the conditions of the other elevators in Buffalo that were in the pool but were incapable of being used; for instance, the Erie basin elevator? A. I do not know positively; I imagine it was not in a condition to be used.

Q. And that is also true of the Lyon elevator, that it is not in condition to use? A. I do not know it of my own knowledge.

Q. You have never looked at them? A. No, sir.

Q. Nor the Schreck nor Swiftsure elevators? A. No, sir.

By the Chairman:

Q. Can't you construct your elevator with modern machinery and compete with the so-called pool? A. Well, possibly I could, but there is too much money involved to do it, certainly as an individual.

By Commissioner Smith:

Q. What is the storage capacity of your elevator? A. Only a little house, 150,000.

By the Chairman:

Q. You could not enlarge the capacity? A. Not that house.

Q. Is it a canal house? A. Yes, sir.

Q. Purely a canal house? A. Not purely; there is a railroad back of it. If you could have an elevator on the other side of the street and keep the old house, you could do rail business as well as canal.

Q. The object of the pool was to do away with the canal business? A. It was to do away with the deadwood.

Q. The deadwood are the canalmen? A. I will not say that; I don't know what their object was.

Q. Their principal object was to pool their interests against the canalmen? A. It looks that way now.

Q. Isn't that the real object? A. I cannot answer that; I don't know what their object is.

Q. Do you think it is their object? A. I say it looks that way; I should not want to charge them with it; I don't know.

Q. Are there any canal elevators in the new pool? A. Not that I am aware of, not strictly canal elevators; a good many load canal boats, most any of them, if they choose to.

Q. What this Commission would like to ascertain is this: whether the new pool, so called, when formed, was formed to do away with the canal interests. A. I cannot answer that, I think so.

Q. You think it would be useless to erect elevators along the canal to compete with the rail elevators? A. With a large canal, not with the present canal.

Q. If the Erie canal was widened and deepened in order to take larger barges it would pay to erect elevators? A. I think so; it would bring the price down to about one cent a bushel; I think it would pay.

Q. What was the price of elevating when the pool was in active operation? A. Seven-eighths of a cent.

Q. What was it after the pool broke? A. Free.

Q. What was the real cause of its breaking? A. I suppose they could not make terms with the Great Northern elevator and the Export elevator.

Q. And the Electric elevator? A. Yes, sir.

Q. They are modern elevators? A. Yes, sir.

Q. After the pool broke up how long did they run before another pool was formed, the present pool? A. I think it was organized this spring.

Q. And they took in the opposition houses, all the new eleva-

tors? A. Yes, sir; what they call rail elevators, railroad houses doing a rail business.

Q. All canal elevators were dropped out? A. Yes, sir.

Q. Are any of the canalmen at the present time strong enough to give opposition to the pool? A. There is no object; they cannot earn it; they are working for nothing.

Q. Why can't they earn it? A. If they work for nothing they can't.

Q. What prevents them from getting trade? A. Rail competition.

Q. How low do they put the prices in competition? A. I have heard without positive knowledge that the rail freight is $2\frac{3}{4}$ on wheat, that includes the rail freight to New York and the elevator charges. The canal rate is from $2\frac{3}{8}$ to $2\frac{1}{2}$ inclusive of elevator charges.

Q. It was stated here yesterday that it could be done at a quarter of a cent a bushel. A. I presume so, but I don't believe it would be profitable.

By Commissioner Smith:

Q. How about floaters? A. They don't have storage capacity. I think the day has gone by for floaters.

By the Chairman:

Q. At what price do you think it can be done profitably? A. I think the present price is reasonable; a half a cent is the asking price.

Q. What is the rail price? A. The price is one-half cent for rail and free for canal.

Q. Then the danger is that as soon as the competition is set aside or killed the new pool will advance prices? A. It depends on the competition.

Q. I am stating that you say the present competition is weak; that they cannot afford to stay out very long. As soon as they are out the new pool will advance prices. A. No, I don't understand that.

Q. You think they are strong enough to compete with the present pool? A. I don't think the canal elevators are strong enough to compete at the present prices of freight.

Q. What will be the result then. There will be an advance in rates, will there not? A. That depends on the competition of other ports. If the rail would advance their rate I think the canal would advance theirs also. The rail is the governing factor.

Q. Then the competition comes from other ports? A. Yes, sir, I think it does.

Q. What ports are they? A. Mr. Marcy stated them yesterday.

Q. Was it Erie? A. I don't think so; Montreal, Boston, Philadelphia, Baltimore, Newport News and probably the Gulf ports.

GIBSON L. DOUGLASS.

GIBSON L. DOUGLASS, called as a witness, having been first duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. Gibson L. Douglass.

Q. You live in this city? A. Yes, sir.

Q. Your place of business? A. 47 Main street.

By Mr. Fairchild:

Q. What is your business? A. I am vice-president and general manager of the Western Transit Company.

Q. What is your line? A. It is a lake line running between here and Chicago and Milwaukee and between here and Duluth; we also have two elevators.

Q. You mean two elevators here in Buffalo? A. Yes, sir.

Q. What are the names? A. City A and B.

Q. Those are the New York Central elevators? A. Yes, sir.

Q. Then this Western Transit Company is one of the New York Central lines? A. Yes, sir.

Q. Those two elevators, City A and B, are members of what is known as the pool here in Buffalo? A. Yes, sir.

Q. And they have been members since the organization of the new pool on the 1st of April of this year? A. Yes, sir.

Q. And up to the dissolution of the old association and during the whole time of the existence of the old association were members of the pool? A. Yes, sir.

Q. Will you explain what the organization is, what is the name of this association? A. Western Elevating Association.

Q. Will you explain the organization of the Western Elevating Association? A. There is nothing of it except a group of elevators to handle the business here in the city. We have a clearing house downstairs and a secretary who collects all our money and then distributes it.

Q. That secretary is Mr. Cook? A. Yes, sir.

Q. And all the moneys which are received by each of the elevators in this association are collected by Mr. Cook and checked out by him to each elevator? A. Yes, sir, except that there might be some little things like screening and blowing and that sort of thing, which occurs occasionally, which with each elevator has for itself, but all the general receipts for elevation, etc., go to Mr. Cook.

Q. And after deducting the office expenses necessary in connection with such an association he makes the distribution to the elevators? A. Yes, sir.

Q. Does he distribute in accordance with the actual business done by each elevator for the period of time for which he has received these amounts? A. You mean bushel capacity?

Q. Yes, sir. A. No, not always.

Q. For instance, what is the charge that has now been agreed upon for elevation? A. A half a cent on through grain, if it includes ten days' storage and loading into the car.

Q. Includes everything except the screening, blowing and mixing? A. Everything except the little things.

By Commissioner Smith:

Q. It does not include the use of the steam shovels? A. Everything, that is, all that is charged.

By the Chairman:

Q. Any rebates made? A. We do not make any. We don't do any business except for the Central road. We are not in the mar-

ket at all. We simply handle what grain comes to us for the Central road; we don't know anything about rebates or anything of that kind.

Q. Do you know how much grain has been handled by the City elevators A and B since the formation of the pool on the 1st of April? A. Somewhere about 11,000,000 bushels. I do not know exactly, it is about 11,000,000; between eleven and twelve or ten and eleven.

Q. Do you know whether the amount you have received from the pool has exceeded one-half cent a bushel on that 11,000,000 bushels? A. Well, that is a matter of detail; that, I don't keep any track of at all. I could not answer.

Q. Without giving the exact figures do you know in a general way whether you have received in your dividend less than a half a cent on 11,000,000 bushels or more? A. I think it would be safe to say that I have not, because we haven't yet collected everything.

Q. Do you expect to receive more than half a cent on 11,000,000 bushels? A. No.

Q. Do you know the basis upon which you are in the pool? A. No, I do not expect to.

Q. Can you state approximately how far you expect to fall short? A. I could not.

Q. When Mr. Cook pays out the dividend to the elevators, City A and B, does he pay that dividend direct to you? A. No, sir, he pays it to our representative.

Q. Who is that representative? A. In this case it is Mr. Evans.

Q. Is Mr. Evans the exclusive representative for receiving that check for the City A and B elevators? A. Yes, sir.

Q. Isn't he also the representative of other elevators? A. I think he is.

Q. When he receives a check from Mr. Cook, would that check be exactly the amount of dividend coming to the City elevators A and B, or would it include other elevators? A. It would include others.

Q. What others would it include? A. Well, three or four more.

Q. Will you name them? A. There is the Erie, Great Northern, Export and Connecting Terminal, that is all of them, I think.

Q. Six elevators in that group? A. Yes, sir; we count the City as one, you know, City A and B we count as one elevator.

Q. Counting City A and B as one elevator, there are five elevators in the group? A. I think that is right. That is subject to correction, but I think that is all there is in that group.

Q. Would it refresh your memory if you glanced over the list of elevators? (List handed to witness.) A. I think that is all.

Q. Then the books of the Western Elevating Association would not show and could not show the amount of dividends received by each of these elevators in that group? A. No, sir.

Q. No one would know that excepting the members of the group? A. That is it.

Q. Now, does Mr. Evans pay to each of these elevators the amount of dividend to be received by each elevator? A. Yes, sir.

Q. And he would know the exact amount received by the Erie, for instance? A. Yes, sir.

Q. And the exact amount received by the Great Northern and by the Export and the Connecting Terminal? A. I say he would; I don't know how he pays those other men; I don't know anything about it. I know he pays us and he collects for that group. How he divides it I don't know. I don't know how the group is divided up myself.

Q. Isn't there another group within a group among those? A. I presume there is. I know what we get, but I don't know what the others get. He may pay two of them at a time. For all I know, pay two of them with one check.

Q. Isn't it your belief that he does? A. I think he does, but I could not swear that he does; I don't know.

Q. Which are the two that he pays with one check? A. I don't know that he pays any two with one check; I say he may pay two with one check. I have never asked him, it is none of my business.

Q. That group is formed of representatives of each of these elevators, which included you as representative of City elevator A

and B, meeting and agreeing that they would form an inner group and select Mr. Evans to receive the check. A. Practically that is about it. There is a good deal of detail about it that I don't remember, that was the result.

Q. A part of the agreement was the proportion that each one was to receive of the total amount received by Mr. Evans? A. Yes, sir.

Q. And you were in a conference that agreed upon what your proportion would be? A. What my proportion would be, yes, sir. I was not in a conference with regard to the others.

Q. What was your proportion of the whole? A. I must decline to say that at the present time.

Q. Which two elevators did you have in mind when you expressed your belief that there were two elevators that received their dividends in one check? A. Did I say that there was; didn't I say that there might be? I said: "He might give one check for two elevators, for all I know."

Q. Is it not your belief that Mr. Evans does give only one check as to two of the elevators? A. I don't think I want to answer that question in that way. You don't want to know what I think, you want to know what I know. Now, all that you are asking me about these other elevators is all surmise on my part.

Q. All you know is as to your own elevator? Have you been told by anyone that a check was given by Mr. Evans to two elevators together? A. Never.

Q. Do you know whether there is any other group other than the one of which you are a member, in the association? A. Yes, sir, there are other groups.

Q. What other elevators are in a group? A. I could not tell you that to save my life.

Q. Do you know any elevator that is in another group? A. I could not select another group that is in that association.

Q. Your lake line and the New York Central railroad are simply connecting lines? A. That is it.

Q. Do you ever bring any freight, any package freight at all to Buffalo that goes out from here on any other than the New

York Central line? A. Not often. We may occasionally get an odd lot but we aim not to get anything except our own freight.

Q. If any package freight was tendered you, intended to go from Buffalo on any other line, would you take it? A. No, we would not take it; we could not get it to start with, because we have got no working arrangements with any road except the New York Central.

Q. And each of these other railroads have their own connections? A. Have their own connections. When I say the New York Central, I mean the whole system, of course.

Q. Do you ever bring package freight here that goes from Buffalo on the canal? A. Well, it is a good many years since we have done anything of that kind.

Q. There was a time when you did it? A. Years and years ago.

Q. Would you refuse any package freight that was destined for the canal when it arrived at Buffalo? A. No, I don't know that we would.

Q. You may give the name of some one elevator that you know is in a group, although you don't know the other members of the group? A. They are all in groups, but how they are divided up I don't remember. I did know when I was figuring; of course, I saw all of the groups but I can't tell you which group each is in. I know which elevators are in the association but I could not divide up the groups. Mr. Cook can do that.

Q. Do I understand you that there is not an elevator a member of the pool who is not also a member of some inner group? A. Some group, yes, sir.

Q. This Lake line, to what extent does it ship grain? A. Well, we are a package freight line. We don't carry any grain when we can get package freight. We carry flour and any package freight we can get. When we can't get enough package freight to load our vessel, then we take enough grain to finish out a cargo. The total amount of grain that our vessels carry is quite small as compared with their total tonnage capacity.

Q. When that package freight arrives here at Buffalo it is

shipped out from here on the New York Central railroad? A. Yes, sir.

Q. If it was destined for another railroad would you receive it? A. We could not get it; it would not be offered to us.

Q. I understood you to say that you would refuse it? A. No one would offer to us stuff going to the Erie road; no one would offer to us stuff for the Lehigh Valley or the Lackawanna. They would give it to lines that connect with those roads; we could not make the same rate at all.

Q. Have you known of any instance in recent years where package freight was offered to you that was destined for the canal? A. No, sir.

Q. If there were any such instances you would know it? A. No, I might not.

Q. Who would? A. It would be our Western agent.

Q. Who is he? A. We have a lot of them out West.

Q. Who would be the most likely to know; who is the principal agent? A. There is an agent in Chicago, one in Milwaukee and one in Duluth.

Q. In Chicago who is he? A. George C. Williams.

Q. In Duluth? A. A. B. Wolvin.

Q. In Milwaukee? A. J. C. McClintock.

Q. How long have you been connected with the Western Transit Company? A. I have been connected with them since 1858.

Q. Been in Buffalo here? A. I have been in Buffalo two years and a half.

Q. Where were you before you came to Buffalo? A. I came from New York to Buffalo.

Q. And you then were with the New York Central railroad, the same as now? A. Yes, sir; I have been with the New York Central road ever since they owned this company, and I was with the company before the New York Central owned it.

Q. With this Western Transit Association? A. Yes, sir.

Q. Were you ever connected with any of the lighterage companies in New York? A. Yes, sir, I was connected with the New York Central Lighterage Company.

Q. When? A. From 1889, I think it was, until I came here in January, 1897, it was about that time; I can't remember exactly, it was a good while ago.

Q. What were your relations with the New York Central Lighterage Company? A. I was its manager.

Q. During those years? A. Yes, sir.

Q. What relation has the New York Central Lighterage Company with the New York Central road? A. They own it, pay all of its expenses.

Q. The New York Central Lighterage Company is a separate stock organization? A. No, sir, it is a department of the New York Central railroad.

Q. Is it the railroad that owns that lighterage company or the stockholders of the company? A. No, sir; it is the New York Central railroad. It is not a company at all, it is a department; it is nothing more than a department of the New York Central Railroad Company.

Q. They keep their accounts separately to the same extent as if it was a separate organization, do they not? A. Not entirely. I could not tell you about that. I don't know really myself the details. It has all been changed since I left there. I understand now they don't keep any separate account of it.

Q. They did while you were there? A. Yes, sir; it is all run into one bunch together now.

Q. If freight destined to New York from Chicago arrives at New York and is lightered is it a fact that there is a deduction, or was a deduction when you were manager, of three cents a hundred pounds from the through rate, paid over to the Lighterage Company? A. Yes, sir.

Q. Was that paid to the full extent of three cents per hundred pounds in every instance? A. We used to take credit for it in that way. There was no money ever passed between us and the New York Central road, nothing at all. They paid us our salaries and the salaries of the men, but in the manipulation of the account we would be credited with lighterage at three cents a hundred pounds.

Q. Was there no instance in which the New York Central would make out its check to the Lighterage Company for the amount of the lighterage? A. I don't remember any, it was just vouchers passed between us.

By Commissioner Smith:

Q. You mean a department voucher? A. That is all.

By Mr. Fairchild:

Q. No bank check? A. No. Our bookkeeper would turn over the balance whatever it was.

Q. Suppose the freight originated at an intermediate point between Chicago and New York, requiring lighterage, how do you arrange the lighterage rate? A. They deduct three cents just the same.

Q. Would that be true of freight Buffalo to New York? A. I think it is, but I have forgotten now about that. We would be credited with three cents just the same.

Q. Do you know the grain rate Buffalo to New York now, the rail rate? A. No, sir; I do not know.

Q. Pretty low, isn't it? A. I don't know what you would call low.

By Commissioner Smith:

Q. It has been stated to be two and three-quarters a bushel, including elevator charges. A. On what kind of grain?

Q. I did not hear. A. It makes a difference on what kind of grain.

By Mr. Fairchild:

Q. Irrespective of the kind of grain, when the rail rate is two and three-quarters or two and seven-eighths, Buffalo to New York, is three cents a hundred then deducted for the lighterage? A. I think it is.

Q. Do you recall any instances during the time you were manager of the Lighterage Company where the rail rate from any intermediate point to New York, including "lighterage free," was

less than the amount credited to the Lighterage Company on the books of the New York Central? A. I would not know anything about that; I would not know anything about the rate at all. I was simply operating the company. I operated these steamboats, these elevators and these barges; I don't know anything about the rates.

Q. Did you ever know of any instances of "lighterage free" where less than three cents a hundred pounds was credited to the Lighterage Company? A. I cannot remember.

Q. If there ever was such an instance, it was such an exceptional instance you would not be able now to remember it. A. I would not remember it; I have not thought anything about that lighterage business since I left there.

By Commissioner Smith:

Q. If there ever was a time when freight was carried from Buffalo to New York for less than one and eight-tenths cents a bushel, that would be less than three cents a hundred pounds, wouldn't it? A. It would depend on what kind of grain it was.

Q. Say wheat? A. One and eight-tenths cents a bushel, I never heard of such a thing.

Q. In 1894 and 1895, according to the records of the Merchants Association here, the rate was as low as two cents a bushel, I believe the average rate was approximately two cents a bushel, and that would be very close to being almost the lighterage charge, wouldn't it? A. That would not be a very profitable rate, that wouldn't.

By Mr. Fairchild: Now, my question is this: If during the time you were general manager of the Lighterage Company there were any but rare and exceptional cases of the Lighterage Company receiving less than three cents per hundred pounds upon intermediate freight, you would now be able to remember it. A. No, I don't think I would.

Q. If it was a customary thing during all the years you were with that company, you would remember it? A. Such things might happen and I forget all about it.

Q. If such things were usual, were a part of the general management of the company, you would not forget it, would you?

A. I might. I don't always remember everything. There is a good deal of business to attend to when you have a fleet like that.

Q. If the instances of receiving less than three cents a hundred were as frequent as when you received three cents a hundred pounds, you would remember it? A. I might in a general way.

Q. You do not remember any instance during the whole time of your management where the Lighterage Company received less than three cents a hundred? A. I don't recall any to mind.

Q. To what extent did the Lighterage Company during the time you were with it allow a rebate? A. I don't know as we ever allowed any rebate.

Q. What street was the New York Central elevator on? A. We used to call it Fifty-ninth street, it ran from Fifty-ninth to Sixty-second street.

Q. Do you recall the time when ships used to receive grain direct at that elevator? A. Not any time while I was there, no ocean ship. We used to load coastwise vessels.

Q. Are you acquainted with John C. Seager? A. I used to know John. I have not seen him in a good many years.

Q. Did he not have a line of ships there? A. He did before I went with the Lighterage Department, but I think he gave the line up, moved out of New York or something or other.

Q. Before you went with the Lighterage Company? A. I think so. He was there in business in New York when I was in the Lighterage Department as an ocean vessel man, but I do not think he had any regular line. It was the old Beaver line, that went to Montreal.

Q. You never knew then of any rebate of lighterage being given to John Seager in any case? A. No, sir.

Q. Where freight from Chicago to New York, delivered "lighterage free" within the lighterage limits, goes over several connecting lines, between Chicago and New York, is it a fact that before prorating between those roads is made that three cents

per hundred pounds is deducted from the total rate and paid over to the Lighterage Company? A. It is on everything that we carry; I presume it is on everything.

Q. You mean as to your road? A. As to our company.

Q. And then the prorating is on the balance after deducting the three cents per hundred pounds? A. Yes, sir.

Q. If, in other words, freight goes from Chicago to Philadelphia over connecting lines at a given rate the prorating between those lines is made without any such deduction? A. There are some terminals there; there are terminal charges at Philadelphia, which are taken out of the rate.

Q. What are those terminal charges? A. There are different amounts for different places. I don't remember just what they are, my clerk could tell you that.

Q. Can you give any instance? A. They ran from a cent and a half to three cents.

Q. Do they often run as high as three cents? A. They do at some points.

Q. I mean at Philadelphia? A. Yes, sir. I guess I am wrong about that; I will not say about that, I know they are different amounts.

Q. Are you not thinking of the terminal charges on grain of one and one-fourth cents, which has no relation to the lighters, but rather has relation to the cent and a quarter charged in New York? A. I am not talking about grain; I don't have any grain, ours is package freight.

Q. I am asking you now if you are not talking with reference to the cent and a quarter charge, terminal charge, on grain and comparing that with the charge in New York? A. I am not saying anything about grain, I am talking altogether about package freight; grain is something that don't interest me particularly except that which we bring down to Buffalo on our own boats, and we bring that at the carrying rate, whatever it is.

Q. You understand that when I spoke of the Lighterage Company in New York I was speaking of grain. When you were manager of the Lighterage Company in New York did you not have

charge of the lighterage of grain as well as other freight? A. Yes, sir.

Q. You made no distinction between grain and any other freight? A. No. I was thinking of package freight all the time.

Q. To return to that question of three cents a hundred pounds lighterage in New York, and bearing in mind that that includes grain as well as any other class of freight, would you change your answer? A. Yes, sir. There was a difference there but just what that allowance was on grain I cannot tell you from memory.

By Commissioner Smith:

Q. There was less or more lighterage paid to your company? A. Yes, sir; there were other charges; I don't remember what they are.

By Mr. Fairchild:

Q. Do you mean that in the case of grain that there were times that you received less than three cents a hundred? A. No, the regular allowance was less to the lighterage department.

Q. Less than three cents per hundred pounds? A. Yes, sir.

Q. You cannot remember how much less? A. I don't remember how much less.

Q. Are you referring now to grain from Buffalo? A. Anywhere.

Q. From Chicago? A. Yes, sir. Anything that was lighterage in the way of grain.

By Commissioner Smith:

Q. You don't recall what credit you received on that? A. No, I don't.

By Mr. Fairchild:

Q. Who would be able to give that? A. The present manager of the lighterage department, in New York.

Q. The books of the company that were there when you were there as general manager, would give that? A. Yes, sir.

Q. Now returning to the question as to Philadelphia, I will repeat that question: If freight goes from Chicago to Philadelphia over connecting railroads, the division between them, the prorating is made without any deduction at Philadelphia, isn't it? A. There is this terminal charge I am telling about, and it is different at different places; there are different differentials; from some of those differentials it is a cent and a half and from some of them, I am quite positive, the deduction is as high as three cents.

By Commissioner Smith:

Q. That is apart from the port of New York? A. That has nothing to do with it, that is a different differential.

By Mr. Fairchild:

Q. Suppose you consider grain? A. I don't know anything about it at all.

Q. You don't know whether during the time you were general manager of the Lighterage Company and received more or less payment for lighterage in the case of grain, whether similar payment was made at other ports to the terminal rate there before prorating between the connecting roads? A. I don't think they lighter their grain in all those points. I think the vessel goes to the elevators at Newport News, Baltimore and Philadelphia; that is my impression. I have never been there to see, but there is a regular charge that is supposed to be the same in all ports.

Q. That is the regular terminal charge? A. That was added. If you made an export bill of lading there was a certain amount added for it, transfer, etc.

Q. Transfer, elevation, weighing, etc.? A. Yes, sir.

Q. That is what is known as the cent and a quarter terminal charge? A. Yes, sir, I think that is it.

Q. And that is the cent and a quarter terminal charge that is supposed to be the same at all ports? A. Yes, sir.

Q. And while you were general manager in New York the cent and a quarter terminal charge was separate from the lighterage charge? A. Yes, sir, that was added.

Q. My question does not relate to that cent and a quarter terminal charge, excluding the cent and a quarter terminal charge, having reference only to the lighterage charge in New York, is there any deduction at any of the other ports before the total amount of the rate from Chicago to Philadelphia, take that for instance, is prorated among the railroads? A. I could not answer you on grain; I do not know.

Q. To return to the question of the division received by your elevators; that is the question you declined to answer: Will you be able to compile that information and give it to this Commission? A. You know what I told you; I will submit the matter to our people.

Q. And be able to get an answer to-morrow morning? A. I will try and give you an answer by one or two o'clock; I don't think I can before.

Q. Is that information here in Buffalo or in New York? A. It is in New York; it is also in my head. I don't see, as I said to you before, how your Committee and the commerce of the country is going to be benefited by knowing what percentage any elevator gets. We are perfectly willing to give all the expenses of running our elevators and the number of bushels of grain we handle, but I don't see why you should consider it necessary to know every little detail that there may be between two people. That is my notion of it.

The Chairman: I think the legislature had that very question in view in creating this Commission. That is what we are here for precisely, to find out the details between individuals that hurt the commerce in the port of New York.

The Witness: It is a pretty broad question as to what hurts the commerce of the port of New York.

The Chairman: And Buffalo, please.

The witness: We have all got our notions and I guess there are very few that agree, that know anything about it. There are plenty of men who don't know anything about it, who know more than we do.

By Commissioner Smith:

Q. I don't suppose that you think that the arrangement between the elevators here is any injury to the commerce? A. I know it is not; I know it is a benefit.

Q. Inasmuch as this Commission does not know what you know and is in doubt on that point, how are we going to satisfy our doubts until we do know? A. There is no objection, Mr. Smith, as far as I am concerned to giving you, as I say, all the expenses of our elevators. We cannot tell what it costs to handle a bushel of grain until we get through the year. Last year we handled 52,000,000 bushels of grain through our two elevators. Now this year, the way it looks, we will not handle 30,000,000. It will cost just as much to run that 30,000,000 through as it did that 52,000,000. We have to have the same gang of men. It is just like a man keeping a store with a whole gang of clerks. If there comes a dull day he does not discharge his clerks, he has got to keep them. Just so with an elevator. So you cannot tell until the year is up what it has cost to do your business.

By Mr. Fairchild:

Q. Then is Mr. Smith's question not very pointed? How can this Commission arrive at any proper conclusion regarding that business unless each and every one of those elements to which you refer are made known on the record here to the Commission? A. I don't see where it interests you. Now, suppose Mr. Smith owns an elevator and he is right alongside of me. I might make Mr. Smith a present of \$1,000 or \$10,000 towards helping him to run his elevator. What is that to this Commission or to the commerce of the State of New York?

Q. Mr. Douglass, you are aware of the fact that elevator charges at Buffalo have been very severely criticised? A. I am aware that almost everything is very severely criticised; criticised by a lot of people who don't know anything about it. I didn't hear any criticisms last year when we did the business for nothing.

Q. If you will I would like you to direct your answer to

the question. My question is, you are aware are you not that the charges here have been very severely criticised? A. Yes, sir, and in every other port.

Q. And you are also aware that the elevator management, even at the present time here in Buffalo, is severely criticised by some people? A. Yes, sir; now, do you mean business men or grain men?

Q. I am not going into a discussion whether they are grain people or not, but by some people? A. You might criticise it.

Q. I would like to have an answer to the question. A. Now, do you mean anybody on the street?

Q. Irrespective of who they are, are you not aware of the fact that even at the present time the manner of running the elevators at Buffalo is criticised by some people, irrespective of whom they may be? A. I dare say they are but not by any grain men.

Q. Now do you think that if the information that is placed upon the record of this Commission is confined to the critics of the Buffalo elevators, that it would be possible for this Commission to make any report based upon that testimony exclusively, otherwise than in accordance with that testimony? A. Well, I don't know how you would get at it; I know how I would get at it. I would take the cost of running the elevators for a series of years. For instance, how are you going to get at this thing? We have been talking of taking down our elevators and putting up a steel plant. The old elevators are wiped out. Capital is all gone. How are you going to count that in your expenses?

Q. You are now asking me questions. A. You are going to get at the cost of doing the elevator business. The list of those elevators would enter largely into the cost of handling grain.

Q. My question is this: If the critics of the Buffalo elevators come before this Commission and place on the record of the Commission their testimony, and this Commission has not the information that you gentlemen can give, admitting that you are correct, how is it possible for you to disprove the case as made out by your critics unless you give all the information that the Commission desires? A. I supposed a man was innocent until he was

proven guilty. If some chap came up before me and said the elevator charge in Buffalo was ridiculously high, I would ask him to explain where it is high. Let him take the cost of running an elevator and building the elevator and all things connected with it, and let him show where it is too high. Then it is time for you to bring a man up to plead innocent or guilty, but for a man that don't know anything about an elevator, never was connected with one in his life, for him to come before you and say that the Buffalo elevators or the New York elevators are charging more than they are entitled to, I would let him give his evidence before making any decision.

Q. You evidently are not aware of the fact that there are grain merchants and men operating elevators for many, many years, who have testified on record and have given figures showing that the business could be done at a profit for a quarter of a cent a bushel. A. I have not seen that evidence.

Q. You have had occasion in your life of being in court in the trial of cases? A. I never was a witness in my life in court. I have had the good fortune never to appear on a jury or on the witness stand.

Q. You can easily imagine, however, that if a plaintiff came into court and presented his testimony, and when he got there the defendant said: "We will not present ours," there would be only one course open to the judge and that would be to direct a verdict for the plaintiff. A. I suppose it would be something of that kind. We are ready to present our side, ready to give you all the information you want.

By Commissioner Smith:

Q. Ready to tell a part of the truth, but not the whole truth? A. Give you the whole truth regarding the expenses of running the elevator.

By Mr. Fairchild:

Q. You want us to cross-examine the other men, but not you? A. You can cross-examine me; you are doing it pretty well now.

By Mr. Fairchild: I want to say, Mr. Chairman, that from what Mr. Douglass has said to me, I think he and his people are going to conclude to give us the information that is requisite. He has asked, however, that he be given an opportunity to consult with his people. The expectation is that after that consultation this information will be given without any necessity of any further proceedings on the part of the Commission. Those people are in New York. Mr. Douglass is going to New York this afternoon and will telegraph from New York to-morrow, as soon as he can get them together and send the telegram. In view of that statement on the part of Mr. Douglass, I think I will suggest that the Commission so far as Mr. Douglass's examination is concerned can adjourn over, and can safely do so until to-morrow, especially as he states that the books are in New York and not here.

The Chairman: Can the witness be here to-morrow?

Mr. Douglass: I will telegraph to Mr. Cook.

The Chairman: I think, Mr. Counsel, the witness is competent to answer the questions. With regard to the reference he made with reference to giving of the \$1,000 or \$10,000, what we are after is the third man, whether he is benefited or worsted by the transaction of giving a thousand dollars.

By the Chairman:

Q. Were you connected with the former organization? A. Since I have been here in the city.

Q. Were you connected with the organization when the rate was dropped from seven-eighths of a cent? A. Yes, sir; we dropped it this year.

Q. Was it this year? A. This year we dropped it down to half a cent.

By Commissioner Smith:

Q. Last year? A. We did not have any association last year.

By the Chairman:

Q. When the new organization was formed, did the old one dis-

solve? A. That dissolves at the close of every year, and a new one is formed every year.

Q. Is it incorporated? A. No, sir.

Q. Is it a private affair? A. A private affair, an association of men.

Q. Why was the old association dissolved? A. We could not agree together.

Q. Could not agree on rates? A. Yes, sir; we could agree on rates, but we could not agree on the proportion each one should have.

Q. Were all the new elevators in your organization then? A. No, sir, they were just building.

Q. Then it was not the reason that competition was so sharp that you lost your trade? A. I don't understand that.

Q. The reason was not then that the new elevators gave such sharp competition it would lower rates? A. No, we could not agree on the division of our business; we could not satisfy everybody.

Q. With whom could you not agree? A. I guess there wasn't any of us; we were not satisfied. I have forgotten now the detail of it, that was two years ago. I know that we could not get together, so we very soon spoiled the rate. We didn't charge anything for a certain time last year for elevating.

Q. What was the object of forming the association last year? A. The principal reason as far as we are concerned was the action of the Lake Carriers' Association. The Lake Carriers' Association, which comprises most of the vessel owners, suffered a great deal with delay here in 1898, in getting their vessels unloaded. They got together last winter and decided they would put a demurrage clause and a shortage clause in their bill of lading; they would not load any grain unless this bill of lading would contain this clause. It would have been a very serious thing for the grain business, and we had a convention here last winter that lasted two days, and I don't know but three. The main vessel men and elevator men from different parts of the country were there, and the subject was discussed fully. It was

finally decided by the vessel men that if we should give them the freedom of the port; that is, if a vessel came here consigned to our elevator and we were full and she was likely to be delayed more than twenty-four hours, that we could send her to some other elevator. If we would give them the freedom of the port so that there would be no delay to the vessels they would not put this clause in the bill of lading. We used the old bill of lading which was satisfactory to the banker, the grain merchant and all that sort of thing. So we got together; I am speaking now of the Western Transit Company. That was our object to enter. It was simply to prevent the bill of lading from being charged with this demurrage clause put in, and this shortage clause put in. It would upset the whole channel the grain men do business in.

Q. Did all the elevators come in? A. All the rail elevators.

Q. Why did you not include the others? A. Didn't want them.

Q. Wouldn't that same objection hold good to the other elevators? A. I don't know whether they handle grain the same way or not. I don't know how these canal elevators work. That is why we went into it, and for no other reason.

Q. The year before when you were not in any pool you did business for nothing? A. Yes, sir, what we did.

Q. Then you went in because you did not care to continue the business for nothing? A. No, we would just as soon do the business for nothing now.

Q. Do you contemplate doing the business for nothing? A. No, not if we have got to send vessels to another elevator and pay. Suppose we had a million bushels of grain in the port and we could not handle more than 300,000, some of those vessels would be under demurrage, who is going to pay the demurrage? That is one question. Now, if we send those vessels to someone else's elevators where we can get the grain unloaded we have got to pay for the elevation. There was an expense right away on our elevation without any earnings, and we could not do business satisfactorily.

Q. You are speaking now of package freight? A. No; grain.

Q. I thought you never spoke of grain? A. You asked me about elevators; I am answering just what you asked me. When you speak of terminal charges and that sort of thing, the only thing I have to do with is package freight.

By Commissioner Shayne:

Q. You said you made no charge for elevating service last year, what was the object of that? A. Well, things got pretty bad here, a little loose; you could not tell just where you were.

Q. The canal elevator men did business then, did they not? A. I suppose they did; we handle canal grain also.

Q. Was it not your object to squeeze out, so to speak, the canal elevator men? A. My dear sir, do you know that we handle canal grain for less money than we do rail grain?

Q. I am glad to learn of that. A. We do, sir; we handle canal grain for less than we do rail grain.

By Commissioner Smith:

Q. You are willing to handle canal grain for nothing? A. We are and have handled it for nothing this year.

By the Chairman:

Q. Do you encourage the canal business? A. As far as any discrimination is concerned it is in favor of the canal.

By Commissioner Shayne:

Q. You make a charge? A. For railroad grain?

Q. Yes, sir. A. We are charging half a cent.

Q. You are willing to do it for the canal free? A. Yes, sir, we are doing it.

By Commissioner Smith:

Q. What is your object in doing it free? A. I suppose it was thought best to do it for nothing

By Mr. Fairchild:

Q. Why was it thought best? A. I don't know as I can tell you exactly.

Q. If your elevators elevate canal grain free for any length of time, the owners of elevators that are purely and exclusively canal elevators would soon have to go out of business? A. I guess not, I don't think they would.

Q. Can an elevator that is exclusively a canal elevator make any money except upon what they charge canal boats? A. Except they got a lot of storage.

Q. Can they get storage for anything but canal grain? A. They cannot handle anything but canal grain and city grain.

Q. So far as export grain is concerned, through grain, they can handle nothing but canal grain. A. That is all.

Q. So as to that business, if your elevators with your rail connections charge nothing for elevating canal grain, they could do no business unless they charged nothing? A. No, sir.

Q. If they charge nothing they could make no profit? A. No, sir.

Q. Would soon have to go out of business? A. I don't know whether they would or not; they are pretty live fellows.

Q. That would be the eventual result? A. Yes, sir, if it was kept up, only a question of time.

By Commissioner Smith:

Q. You think you can keep it up longer than they, if you charge half a cent for elevating rail grain and nothing for canal grain? A. Naturally we can, unless they draw on their private purses; they are all rich men.

Q. I suppose they have grown rich in the elevator business? A. I don't know that, they are strangers to me, all of them.

By Mr. Fairchild:

Q. Regarding the lighterage in New York, what are the lighterage limits? A. Well, now there has been a change there in the lighterage limits; it used to be from the Central yards, Sixtieth, around Sixty-third streets to the East River, then on the Brooklyn shore it was down to Gowanus. On Staten Island shore it was to Port Richmond.

Q. All within lighterage free limits? A. Yes, sir, that has been changed, I think.

Q. Been extended? A. I think so.

Q. To what extent? A. I think it goes up the North River farther.

Q. How far? A. Probably One Hundred and Twenty-fifth street. This is only guess work I am giving you.

Q. And the lighterage charge is the same whether the freight is lightered one hundred feet or the full extent of the lighterage limits? A. Yes, sir.

By Commissioner Smith:

Q. Do you recall any instance where people engaged in business asked to be permitted to do their own lighterage, did you ever grant that permission? A. Yes, sir.

Q. You did use to permit people to do their own lightering? A. Yes, sir.

Q. Without any objection? A. I will not say that. I used to object, of course, I wanted the business for my boats.

Q. In doing their own lightering did you rebate the three-cents per hundred pounds? A. That would be done by the railroad company; that would not come in my accounts.

Q. You don't know whether the amount of lighterage was rebated to people who did their own lightering? A. No, not to swear to.

By Mr. Fairchild:

Q. Were not such rebates confined to certain lighterage companies other than yours? A. I think not.

Q. If I were a lumber merchant doing business in New York city and I wanted to hire a lighter and send it to get that lumber instead of paying your charge, you would not allow me to do that? A. We would not have a charge if you lightered it; we would only have a charge for what we lightered for the railroad company. It would not go into our accounts.

Q. If an individual lumber merchant in New York received lumber lighterage free, that individual merchant could not save

anything on that lighterage by sending a boat there and getting it at the point of the railroad terminal, could he? A. It would depend on the quantity. I don't care where it is, he could not lighter it for three cents a hundred; he would lose money. As I remember it now we used to figure that about five car loads to one place was the smallest amount we could lighter and get out of it without a loss; single car loads we would always lose money on. You cannot lighter a single car load of any kind of merchandise from the depots to any place around New York, take on an average, taking into consideration your berth, and all that sort of thing, for less than twenty dollars; it is in your towing, the time of your vessel that you lose. That is about the average cost, as I remember it, that used to be to a single car load of freight.

Q. You must have misunderstood my question. My question was: Do you know of any instance where an individual lumber merchant, for instance, was allowed to lighter his own lumber and received a rebate of three cents per hundred pounds? A. I cannot name them, but I am confident there were a number of such cases where lumber men were allowed to lighter. As far as I am concerned I was always glad to get rid of lumber.

Q. Don't you know that during the time that you were general manager of the Lighterage Company, the Lumber Association in New York inaugurated proceedings for the purpose of compelling you to do that very thing, because you had refused to do it? A. I don't remember it.

Q. Do you know of any proceeding that was instituted before the Interstate Commerce Commission to secure a change of your method of charging for lighterage when there was no lighterage, or when the lighterage was a short distance, under the long and short haul clause of the Interstate Commerce law? A. Nothing while I was there that I know of. With regard to that lumber business, and with other city local freight, it oftentimes worked like this: If a man had one or two car loads he would not say a word to you, but if he happened to get in ten car loads then he would come and want to lighter.

Q. Then you would not let him? A. Not if I had any say, because that was a lot of freight on which I could pay my expenses, and it would make up for this lot lost. You can put it down as a correct proposition that the lighterage companies in New York harbor, lightering freight for three cents a hundred, package freight, other than grain, don't make any money nor pay their expenses from one year's end to another. I mean the railroad lighterage companies.

Q. And the books of the New York Central Lighterage Company in New York would prove that statement? A. They would.

Q. Mr. Douglass, I will ask you again the question you declined to answer: What dividend has been received by your elevator since the first of April of this year? A. You mean dollars and cents?

Q. I mean dollars and cents? A. I don't know.

Q. What percentage has your company received of the gross receipts? A. That is the one I will let you know about to-morrow.

By Mr. Fairchild:

Now, Mr. Chairman, while I have no doubt he will get that information to-morrow, at the same time, for the present, I should like to suggest that he be directed to answer.

Mr. Douglass: Well, gentlemen, I don't know. Of course, you have got the right to do just as you have a mind to, but I presume I am entitled to some courtesy, and that I ask you to extend to me.

Mr. Fairchild: Don't misunderstand me. I want the record correct here. I have really no doubt but that you will give that information after you have had your consultation, and so far as I had in mind it goes no further than to have the record correct in order that the commissioners may be protected in their position in case you decline to answer, and therefore, I request the chairman to direct you to answer.

The Chairman: Will you answer that question?

The Witness: I decline to answer that question at present.

Q. You request the courtesy of the Commission to answer to-morrow. A. I will answer one way or another to-morrow.

The Chairman: We will extend you the courtesy until to-morrow.

PHILOS G. COOK (recalled).

Philos G. Cook, recalled, testified as follows:

By Mr. Fairchild:

Q. Mr. Cook, did you make a copy of the statement showing the total receipts of the different elevators? A. I did and I forgot to bring it up; would you like it now?

Q. Yes, sir. A. I will bring it up.

Q. Mr. Cook, you are secretary of the Western Elevating Association? A. Yes, sir, it is the Western Elevating Association.

Q. You keep in your office an accurate record of the amount of grain received by each elevator in the association? A. Yes, sir.

Q. For each day and for the month and for the season? A. For each day as it is returned to us and as we get the tickets in.

Q. And is this paper I hand you the statement of yesterday to the close of business yesterday? (Paper handed witness). A. It is a statement showing the day's work and the season's work.

Q. For and including the close of last night? A. Yes, sir.

Q. And it gives the name of each elevator in the association, and the amount received by each elevator for yesterday, for this month to the close of business yesterday, and for the season to the close of business yesterday? A. I will answer, yes, sir, with this qualification: It is the amount for which we issued receipts yesterday; sometimes the tickets are held out for a day.

Q. With that qualification it is right up to date? A. Yes, sir.

Q. Will you give the name of each elevator in the association, stating the amount received yesterday, the amount received for the month up to last night, and the amount received for the season up to last night for each elevator? A. This is the report ending July 26, 1899, at 6 p. m. The receipts at elevator City A yesterday were 153,482 bushels; for the month up to last night 1,756,686 bushels; for the season up to last night, 5,329,962 bushels. The receipts at elevator City B yesterday were 112,566 bushels; for the month up to last night, 1,891,979 bushels; for the season up to last night, 5,816,857 bushels. At the C. J. Wells elevator the receipts yesterday were 24,764 bushels; for

the month up to last night, 793,826 bushels; for the season up to last night, 3,049,836 bushels. The receipts at Coatsworth elevator yesterday were 145,033 bushels; for the month up to last night, 303,600 bushels; for the season up to last night, 987,201 bushels. The C. T. R. R. elevator receipts yesterday were 150,770 bushels; for the month up to last night, 2,066,659 bushels, and for the season up to last night, 7,116,637 bushels. Dakota elevator receipts were for the month up to last night, 1,456,412 bushels; for the season, 4,435,802 bushels. The receipts at Eastern elevator were yesterday 47,519 bushels; for the month up to last night, 1,247,232 bushels; for the season up to last night, 3,660,440 bushels. The receipts at Electric elevator yesterday were 84,970 bushels; for the month up to last night 514,873 bushels; for the season up to last night, 1,894,145 bushels. The Erie elevator receipts yesterday were 150,061 bushels; for the month up to last night, 741,952 bushels, and for the season up to last night, 3,946,225 bushels. At the Evans elevator the receipts for the month were 129,892 bushels; for the season, 361,827 bushels. At the Exchange elevator the receipts were for the month, to date, 120,618 bushels; for the season, 427,145 bushels. At the Export elevator the receipts for the month, to date, were 312,787 bushels, and for the season, 2,883,937 bushels. At the Frontier the receipts yesterday were 82,979 bushels; for the month up to last night, 776,118 bushels; and for the season up to last night, 2,431,656 bushels. At the Great Northern elevator the receipts yesterday were 303,420 bushels; for the month up to last night, 2,579,313 bushels, and for the season up to last night, 7,332,679 bushels. At the Kellogg the receipts yesterday were 38,178 bushels; for the month up to last night, 394,512 bushels; and for the season up to last night, 1,912,448 bushels. The Marine elevator receipts for yesterday were 216,477 bushels; for the month up to last night, 1,410,843 bushels; for the season up to last night, 3,474,053 bushels. At Niagara Elevator A, the receipts yesterday were 22,000 bushels; for the month up to last night, 387,827 bushels; for the season up to last night, 1,321,108 bushels. At Niagara B, the receipts yesterday

were 49,884 bushels; for the month up to last night 144,844 bushels; for the season up to last night 902,357 bushels. At Niagara C elevator there were no receipts for the day, month or season. At the Ontario there were no receipts for the day; the receipts for the month were 114,247 bushels; for the season, 957,582 bushels. At the Bennett there were no receipts for the day, month or season. At the Union elevator there were no receipts for the day, month or season. At the Wheeler elevator there were no receipts for the day, month or season. At the Wilkeson there were no receipts for the day, month or season. The total receipts for the day, were 1,582,103 bushels; for the month, up to last night, 17,144,220 bushels, and for the season, up to last night, 58,501,897 bushels. For the same time during 1898 these elevators received for the day, 647,012 bushels; for the month, 12,023,874 bushels; for the season, 86,370,016 bushels.

The statement above referred to was then submitted in evidence and is as follows:

Wednesday, July 26, 6 p. m.

GRAIN STATEMENT, SEASON OF 1899.

Elevator.	Day.	Month.	Season.
City, A.....	153,482	1,756,686	5,329,962
City, B.....	112,566	1,891,979	5,816,857
C. J. Wells.....	24,764	793,826	3,049,836
Coatsworth	145,033	303,600	987,201
C. T. R. R.....	150,770	2,066,659	7,116,637
Dakota . . . . .	.....	1,456,412	4,435,802
Eastern	47,519	1,247,232	3,660,440
Electric	84,970	514,873	1,894,145
Erie	150,061	741,952	3,946,225
Evans . . . . .	.....	129,892	361,827
Exchange . . . . .	.....	120,618	427,145
Export . . . . .	.....	312,787	2,883,937
Frontier	82,979	776,118	2,431,656
Great Northern	303,420	2,579,313	7,332,679
Kellogg	38,178	394,512	1,912,448
The Marine	216,477	1,410,843	3,734,053

Elevator.	Day.	Month.	Season.
Niagara, A.....	22,000	387,827	1,321,108
Niagara, B.....	49,884	144,844	902,357
Niagara, C.....	.....	.....	.....
Ontario . . . . .	.....	114,247	957,582
Bennett . . . . .	.....	.....	.....
Union . . . . .	.....	.....	.....
Wheeler . . . . .	.....	.....	.....
Wilkeson . . . . .	.....	.....	.....
Total	1,582,103	17,144,220	58,501,897
Same time 1898.	647,012	12,023,874	86,370,016

Q. Then the elevators Niagara C, Union, Wheeler and Wilkeson have received nothing, not only for the day, but during the whole season? A. The last four are not open at present. Niagara C is open, but she only takes the overflow from elevators A and B.

Q. You have now given the names of every elevator at Buffalo that is in the association? A. Yes, sir.

Q. The decrease in this season compared to this time last year is just about the same amount as was done in the month of navigation last year, that was delayed last year? That is, the season did not open until May of this year? A. The receipts for April of last year are nearly that amount, somewhere near 29,000,000 bushels; we did not open until May 1st this year, lost that much time.

By Mr. Fairchild: We will not be able to complete the examination of Mr. Cook before adjournment. If you will excuse Mr. Cook until to-morrow, I think it would be well to now adjourn.

The Chairman: Before the Commission adjourns I would like to make the statement that parties interested in the package and grain trade of the canal, who desire to have a hearing, will please leave their names with the Commission; we will take up that subject probably to-morrow, so all those who are subpoenaed are excused until to-morrow at 10 o'clock. Adjourned.

A meeting of the New York Commerce Commission was this day, July 28, 1899, held in the rooms of the Board of Trade, at Buffalo, N. Y.

Present: Hon. Charles A. Schieren, chairman; Hon. C. C. Shayne, Hon. A. R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The Chairman called the Commission to order at 10:10 a. m. Mr. PHILOS G. COOK, recalled, testified as follows:

By Mr. Fairchild:

Q. The Wilkeson elevator is capable of being used, is it not?

A. Yes, sir.

Q. Has it rail connection as well as a canal connection? A. Yes, sir.

Q. And its capacity is 400,000 bushels, is that correct? A. That is what we figure it.

Q. And the Wheeler elevator is also capable of being used? A. Yes, sir.

Q. And it is also a canal and rail elevator? A. Yes, sir.

Q. And its capacity is about 350,000 bushels? A. Yes, sir, about that.

Q. And the Union elevator is also capable of being used? A. Yes, sir.

Q. And has rail and canal connections, both? A. Yes, sir.

Q. And its capacity is 130,000 bushels? A. Yes, sir.

Q. And the Bennett elevator is also capable of being used? A. Yes, sir.

Q. And it has rail and canal connections? A. Yes, sir.

Q. And its capacity is 800,000 bushels? A. Yes, sir.

Q. The Niagara "C" elevator, you stated, when operated was operated as an annex to elevators "A" and "B"? A. Yes, sir.

Q. What is the reason? A. They simply use it for the overflow from those houses when they are full.

Q. It stands back of the canal? A. It stands behind the other houses.

Q. And its capacity is 200,000 bushels? A. Yes, sir.

Q. At this point, Mr. Cook, will you name each of the elevators in this list (hands witness the list) and give the capacity of each, so that we can have that on record? A. I would rather do that from the "Greater Buffalo." (Book handed to the witness.) City "A," 600,000 bushels; City "B," 800,000 bushels; C. J. Wells, 550,000 bushels; Coatsworth, 650,000 bushels; The Connecting Terminal, 950,000 bushels; the Dakota, 850,000 bushels; the Eastern, 1,500,000 bushels; the Electric, 1,000,000 bushels; the Erie, 720,000 bushels; the Evans, 400,000 bushels; the Exchange, 500,000 bushels; the Export, 1,000,000 bushels; the Frontier, 650,000 bushels. The Great Northern claims 3,000,000 bushels now. The capacity of the Great Northern was 2,500,000 bushels, but they put in several new bins, and they now claim 3,000,000; the Kellogg, 600,000; the Marine, 650,000; the Niagara "A," 800,000 bushels; the Niagara "B," 1,200,000 bushels; the Niagara "C," 200,000 bushels; the Ontario, 450,000 bushels; the Bennett, 800,000 bushels; the Union, 130,000 bushels; the Wheeler, 350,000 bushels; the Wilkeson, 400,000 bushels.

Q. When did they put in those bins at the Great Northern? A. Last winter. I would like to make a statement with regard to the elevators, the four elevators that are not running. They are not closed by order of the association, but simply at the request of the owners that they might close during this dull season, because the receipts are so light. When business becomes better in the fall they are ready to open on order in twenty-four hours time.

Q. That permission was granted by the association? A. Yes, sir.

Q. Has there been any reduction of the dividends of those elevators during the time that they have saved the expense of operation? A. No, sir.

By Commissioner Smith:

Q. You say they are also in a condition to be used? A. They are what we call open houses; they have not been closed in four years.

By Commissioner Shayne:

Q. I presume trade was diverted during the strike? A. They lost to quite an extent.

By Mr. Fairchild:

Q. Diverted to what place? A. They did not ship here.

Q. Where did they ship? A. Part of it went to Fairport and part to Erie. Of course there was a great deal shipped by rail.

By Commissioner Smith:

Q. Do you think that the trouble that brought about the strike has been permanently settled? A. I think it is for this year; I hope so, any way.

By Mr. Fairchild:

Q. In addition to the elevators that you have named, there are three elevators, are there not, that are capable of being used, and are not in the pool, to wit: the Watson elevator, the Richmond elevator and the Brown elevator? A. The Watson elevator, of course, has been, and the other two elevators could, doubtless, be put in working order without a very large expense. I don't know how much. They have not been operated in quite a few years, five or six years.

Q. What is the capacity of the Watson elevator? A. Six hundred thousand bushels.

Q. What is the capacity of the Richmond? A. Two hundred and fifty thousand bushels.

Q. What is the capacity of the Brown elevator? A. Two hundred and fifty thousand bushels, I believe.

Q. Have any of these three elevators, the Watson, the Richmond or the Brown rail connections? A. No, sir.

Q. You are secretary of the Western Elevating Association? A. Yes, sir.

Q. That association is non-incorporated? A. It is not incorporated.

Q. The arrangement by which all the elevators co-operate to-

gether under the name of the Western Elevating Association, is renewed each year, is it? A. Yes, sir.

Q. For how many years has it existed? A. Well, I don't know; there was an association back in the early sixties, and there has been an association most of the time since. Now and then a year when it was off.

Q. For how many years have you been secretary? A. Since 1880.

Q. And with the exception of the year 1898 it was in existence every year during the time that you have been secretary, from 1880? A. In 1881 there was a break up. They got together after a while, but the prices ranged low most of the year.

Q. They got together during that year? A. Yes, sir.

Q. And part of that year they were working together? A. Yes, sir.

Q. And with that exception they were together the whole of every year from 1880 up to the present time, with the exception of 1898? A. Yes, sir, I think that I may say so. I do not remember any break since that time.

Q. And in each of these years the rate for elevation was made by the Central Association, the same as it is now? A. Yes, sir.

Q. What was the rate for elevation in 1880? A. I am not positive that I can tell you about that. I think in the spring it was five-eighths for the grain and an eighth of a cent for the vessel.

Q. Did that include the shovelling from the lake to the elevator? A. We never did include that. In the fall, probably some time in September, it was increased probably a quarter of a cent, so, if I am right, it would make the rate seven-eighths to the grain and one-eighth to the vessel.

Q. You might state now what service is included by this association in the rate that they charge and receive? A. It includes the elevation and storage. Up to 1886 or 1888 the storage was for five days. Since that time it has included storage for ten days. It also includes the delivery to canal boats, but up to this year did not include delivery to cars.

By Commissioner Smith:

Q. What was the extra charge for delivery to cars? A. That was a charge by each individual elevator, but I understand it was a quarter of a cent a bushel.

Q. And this year it includes delivery to the cars as well as delivery to canal boats? A. Yes, sir.

Q. Anything else? A. That is, of course, on through grain. Nothing else in that part of the charge. After the first ten days, we charge for storage at the rate of a quarter of a cent a bushel for each ten days.

Q. Now, after the first ten days? A. Yes, sir. Up to that other time it was for the first five days. That was in 1886, I think. It was then changed to ten days.

Q. Does that rate of a quarter of a cent a bushel for each ten days prevail throughout the winter storage season? A. Only until the accumulation of storage to a certain date. For a number of years this has been November 10th. When storage has accumulated until it has reached two cents a bushel, there is no further charge until the opening of the canal.

By the Chairman:

Q. Is there any rebate on those prices? A. No, sir.

By Mr. Fairchild:

Q. And never has been? A. The association has never given any rebate.

By Commissioner Smith:

Q. There might be a rebate and you not know of it? A. Sometimes I think there has been fifty cents a thousand, or something like that.

Q. Is there a concession as to an extension of time of storage at times? A. Well, we do not intend to make any. If there is some particularly aggravated case where it lays over twenty-four hours, of course then we have in specific instances to make allowance for it.

Q. No difference made as to the amount of the charge, whether it is thousands or millions of bushels? A. No, sir. That is a thing that is always avoided. If we make a concession to one man we must to another.

Q. Do you make any preference to-day as to shipments by canal or railroad—delivery to canal or railroad? A. No, sir.

Q. You treat them both alike? A. Yes, sir, except that we have been making a lower rate on canal stuff, so far as handling is concerned.

Q. You do not show a preference to the canal at present? A. We are handling the grain cheaper; we show a preference in that way.

Q. Do you make any concessions to the canal to-day? A. None other than that the stuff is being taken at a less price.

By Mr. Fairchild:

Q. Before we go into that book which you have, and while we are on this subject, what is the service performed by each individual elevator for which they make a separate charge direct, and receive payment direct? A. They charge for blowing, in case they wished to have the grain blown. You would probably call it cleaning down East. If it is run over in the store for condition, they charge for that.

Q. For blowing, what are the individual charges? A. One-eighth of a cent a bushel for blowing. As I understand it, the same charge is made for running it for condition. If it is run over to a side bin for delivery to wagons out of the side bins a charge of a quarter of a cent a bushel is made.

Q. That is for local consumption? A. Yes, sir; for loading local cars. By that we mean all cars where grain is stored here and sold and shipped on short rates—does not go far enough East to get a through rate on the railroad. They charge an eighth of a cent. That is a comparatively small item here.

Q. How about mixing? A. If it is run in the house for mixing the charge would be the same as for running it for condition, I suppose.

Q. Otherwise, they will charge nothing for mixing? A. If it is mixed as it goes out there will be no charge. There is very little of that work done here.

Q. Can you explain the cost of the shoveling; the men that do it and the price? A. At present the shoveling is done—the work is handled by a contractor, who has made his arrangement with the Lake Carriers' Association.

Q. Who is that contractor? A. At present W. J. Connors. He made a bid last year and the association accepted his bid. The price it was contracted for was \$3.10 a thousand, but owing to some difference they had, we had this strike here, and an inspector was appointed as a sort of an arbitrator between the men and the Lake Carriers' Association, to see that the work was done as it was agreed upon. In order to meet that expense they increased the price 3 cents per thousand, so that they are charging \$3.13 per thousand. They instructed the inspector to collect that three cents from the vessels and pay it to them. As far as the committee is interested the price is \$3.10, out of which the contractor gets \$1.90. The balance is paid to the elevators for the use of the steam shovels. Whether he retains five or ten cents for himself, I do not know.

Q. Out of what? A. The \$1.90.

Q. The contractor earns his pay out of the shoveling? A. Yes, sir.

Q. He does not get anything out of the steam shovel owners? A. No, sir. He agrees to do the work for so much. He hires men for so much, and the shovels for so much and the difference he gets himself.

Q. And those charges, how are they collected? A. They are collected by the contractor or his agent.

Q. Direct? A. Direct from the vessel or the vessel's agent.

Q. So that neither the Western Elevating Association, acting for the elevators, nor the elevators themselves have anything to do with that? A. No, sir.

Q. How about trimming canal boats; what charge is made for that, and who makes it? A. I believe the charge is seventy-

five cents a thousand. That work is done, I think, by this same contractor; his men do the work.

By Commissioner Smith:

Q. Paid for by the canal boat owner? A. Yes, sir.

By Mr. Fairchild:

Q. Have you now stated every charge that accrues against the grain passing through this port? A. I think so. You must understand that this shoveling charge is not put on the grain. It is paid by the vessel.

Q. Are there any other charges borne by the vessel? A. Not connected with the elevators. There are tow bills, and such things as that.

Q. Now, will you give the figures for which I have asked, commencing with 1880? A. In the spring it was five-eighths of a cent a bushel, including five days storage, and the vessel paid an eighth of a cent additional; three-quarters of a cent per bushel all told.

Q. The vessel paid that eighth of a cent for what? A. Their share of the elevating charge. On the 10th of September, the rate was increased to seven-eighths of a cent to the grain, including five days storage, and an eighth of a cent for the vessel.

Q. Now, in 1882, what were the rates? A. That was 1880 that I was giving you.

Q. Well, what were the rates in 1881? A. I don't know what the rates were all the year. From September 17th the charge was three-quarters of a cent to the grain and one-eighth to the vessel, making seven-eighths of a cent all told. Before that it ranged from nothing and went gradually up until we struck this price and stopped.

Q. Now, in 1882? A. Three-quarters of a cent to the grain and an eighth of a cent to the vessel. All the season that year. Seven-eighths of a cent all told.

Q. 1883? A. The same.

Q. 1884? A. The same.

Q. 1885? A. The same.

Q. If that continued for a number of years, you might state the number of years during which that rate prevailed? A. I should say down to 1888.

Q. Down to 1888 the same rate of three-quarters of a cent to the grain and one-eighth to the vessel, making a total charge of seven-eighths? A. Yes, sir.

By Commissioner Smith:

Q. Did that include the five days storage? A. All of the while up to that time.

By Mr. Fairchild:

Q. Does that include the year 1888? A. No, sir; down to that year.

Q. Then in the year 1888 that was the year the storage was increased to ten days, was it? A. That is the year the Elevator Law went into effect, which was that we should not charge the vessel for elevating, so we had to put that eighth for the vessel on the grain, and give them five days storage, which was equivalent to the additional one-eighth of a cent.

Q. What was the rate in 1888? A. It was five-eighths for elevating and a quarter of a cent for storage the first ten days, all of that charge to be paid by the consignee of the grain.

By Commissioner Smith:

Q. In every case they were obliged to pay storage, whether they wanted it or not? A. We do not take anything for transferring.

By Mr. Fairchild:

Q. And that rate in 1888 you said was subsequent to the passage of the McAvoy Elevator Bill? A. Yes, sir.

Q. And that rate did not include trimming? A. No rates included trimming.

Q. Is it not a fact that the Elevator bill required that the five-eighths of a cent charge should include the trimming? A. I don't know about that. I don't understand it.

Q. Was there ever a question raised regarding that? A. There was a question raised regarding the charge of more than five-eighths of a cent a bushel, whether it was in regard to trimming, I don't remember.

Q. Did that question ever reach the courts? A. Yes, sir.

Q. What year was that question raised in the courts? A. I could not tell you. I think some time in 1888; I think it started then.

Q. Immediately after this charge was imposed? A. I think it was made to test the law.

By Commissioner Smith:

Q. On whose initiative was it raised? A. The question was raised in New York, and also here.

Q. By whom? A. The work was done by the Wells elevator. I don't know how the thing came out.

Q. The consignee of the grain raised the issue? A. The consignee of the grain brought the question up.

Q. He refused to pay more than five-eighths of a cent a bushel? A. Yes, sir.

By Mr. Fairchild:

Q. Do you know the result of the litigation in the courts? A. They sustained the law.

Q. How far was it carried? A. To the United States Supreme Court.

Q. They sustained the constitutionality of the act? A. Yes, sir.

Q. Was there any other case in which your charges were involved, other than that case which went to the United States Supreme Court? A. No, sir.

Q. Now, in 1889? A. The rate has remained the same as that down to the last year.

Q. Down to the break up of the association? A. Down to the end of the season of 1897.

Q. Now, during the year 1898 the association as such was not

in existence? A. Yes, and no. The general association was not in existence. That was the one that included all of the elevators.

Q. When your answer is yes, what was in existence? A. There was a little pool gotten up among a few of the elevators, so that we could run to better advantage and furnish better facilities, but it did not include any of the largest railroad houses.

Q. And such other advantages as might accrue to them as against the other elevators? A. They could get grain better and handle it better than they could in the individual houses.

Q. And to the extent that they were advantaged by such a combination the other elevators were disadvantaged? A. I don't know that they cared much about it.

Q. What elevators were in that little pool? A. I don't know whether I know or not: the Evans, the Exchange, the Ontario, the Niagara "A," "B" and "C," the Eastern, the Marine, the Bennett, the Frontier, the Wells, the Wilkerson and the Wheeler.

Q. Were the city "A" and "B" in that combination? A. No, sir.

Q. Do I understand that whenever during the year 1898 as to these elevators, or any of them, the rate was lowered, or elevation was given free, that it was the result of these elevators in the combination agreeing to do it? A. They had a committee. They appointed one or two men, who were to place all the grain going to those elevators, and to make the rates. There was no established rate, just what we could get. Those men attended to that part of it. They knew what elevators elevating all the time and where the grain could be taken care of.

Q. Did they operate in the offices of the Western Elevating Association? A. Yes, sir, they did.

Q. Who were the two men who acted for them? A. At one time they were Mr. C. G. Abell and Mr. Leonard Dodge.

Q. At another time? A. After they got tired of it, they put me in to do it.

Q. Then you personally had occasion to lower the rate? A. The rate was lowered before I ever saw it.

Q. Was it never lowered after you were put in that position? A. It was not lowered below what it had been.

Q. After you were put in that position, was any elevation performed without charge? A. I will not say that; there might have been some parts of it for nothing.

Q. When that was done, you decided to do it for nothing? A. I did.

Q. Would that decision come before or after the elevators outside of that little pool had done the same thing? A. I did not pay any attention to what they were doing at all. The elevators running outside were mostly houses handling through rail grain, or were under contract to handle through rail grain. They were railroad houses doing a big railroad business. And the business was such in the harbor at that time, that there were 7,000,000 bushels of grain afloat that could not be got into elevators. We were not minding much what other people were doing when we had such a condition as that. We were simply hunting for room to put this stuff in.

Q. Would that condition induce you to elevate free? A. No, sir. I should say, so far as I remember, we handled very few cargoes free.

Q. When did you say you took charge of it? A. The first of November; somewhere around there.

By the Chairman:

Q. In 1898? A. Yes, sir.

By Mr. Fairchild:

Q. What was the rate this year? A. Half a cent a bushel, including ten days storage.

Q. And there was no other charge than that half cent a bushel imposed or collected by the association? A. No, sir, not for putting grain through, not on through stuff.

Q. Having reference to the profitable running of an elevator, to what extent is the delivery of grain in wagons for local use here, or in cars for consumption at intermediate points, I mean of course intermediate to the seaboard, to what extent are such deliveries an element in the profitable running of an elevator, as compared with through grain? A. It is the cost of handling. Of

course it costs more to handle that kind of business than it does to handle through grain. It is just the same as a man doing a wholesale business and a small retail business.

Q. That is the explanation of the extra charge that is made? A. It has something to do with it. In the case of a side bin you must have a man to watch it.

Q. Having reference to the profitable running of an elevator, to what extent are such deliveries an element as compared with through grain? A. Very small.

Q. How often do you make payments to the elevators in the pool for their dividends for the charges collected by the association? A. In the summer season about twice a month. Usually as directed by the committee. I have no control over that.

Q. There are no regular dates? A. You can figure it about the middle and last of the month.

Q. Do you send a separate check for each of the elevators in the pool for the amount of their dividend? A. Not this year. In some cases I do, and in some cases I do not.

Q. In what cases do you send a separate check to each elevator? A. The Wells, the Coatsworth, the Eastern, the Electric, the Evans, the Exchange, the Kellogg, the Marine, the Niagara, "A," "B" and "C," which of course come as one elevator; the Ontario, the Bennett, the Union, the Wheeler and the Wilkeson.

Q. And that custom of sending a separate check to each of these elevators for their respective dividends has prevailed the whole of this season from April 1st.? A. Yes, sir.

Q. There are some elevators, then, to whom you do not send a separate check? A. Yes, sir.

Q. Will you name those elevators? A. The City "A" and "B," the Connecting Terminal, the Erie, the Great Northern, the Export receive their dividends in one check, and the Dakota and Frontier are sent together. The last two are sent in one check, and the others in another.

Q. Then there are two, and only two groups in the pool? A. Well, I will not say that. There are some of the others in groups, but they have given me their percentage and told me I could send

a check to them separately. When the association was formed they were not then grouped, some of them.

Q. You mean that as to some of these elevators to whom you send checks separately, that these dividends are on a different basis by reason of the agreements between these elevators, rather than upon the basis by which they entered the pool? A. I do not think you know exactly what we mean by a group. That has never been in existence before. When we got up the association this year somebody got up the plan of grouping the elevators by groups, and suggesting that such a group have so much and such another group have so much, and so on. After considerable discussion, I understand, I was absent at the time, they got the thing down to a certain basis with the different groups, and the different groups agreed to accept so much as the total for that group, which was on the group agreeing to divide up the total that they had agreed to accept among themselves, regardless of what anyone else outside of that group got. Now the totals, of course, had to make 100 per cent. There is one group that has never given me the division that they make. They simply directed me to send the check to one person, as told here yesterday.

Q. That is the group that City "A" and "B" are in? A. Yes, sir. In another group they prefer to get their checks separately. For those two elevators, the Frontier and the Dakota, they figure theirs in together, and divide it up between them.

Q. To whom do you send the check for the group in which the City "A" and "B" elevators are included? A. To Mr. E. T. Evans, as trustee for that group.

Q. To whom do you send the check for the Dakota and Frontier dividends? A. To the Buffalo Elevating Company.

Q. Who is the individual who receives the check? A. I suppose it is the company's treasurer. Mr. Bedford is their treasurer. Mr. Michaels is the president, Mr. Edward Michaels.

Q. Will you give me the full name of the treasurer? A. Mr. John M. Bedford is the treasurer.

Q. Now as to those elevators to whom you send checks separately, can you give the names of the elevators in each group,

by groups, as they were originally arranged in the association? A. I will try to. Before I start that I would say that originally the City "A" and "B" elevators were in one group, called Group No. 1. They were merged into Group No. 2. After that they were stated as Groups No. 1 and No. 2. City "A" and "B," the Connecting Terminal, the Erie, the Export and the Great Northern.

Q. That is Group No. 2. A. Group Nos. 1 and 2.

Q. Now, Group No. 3? A. The Coatsworth, the Dakota, the Eastern, the Electric, the Frontier, the Kellogg the Marine and Niagara "A," "B" and "C." I think that is all in that group.

Q. Group No. 4? A. The C. J. Wells, the Bennett.

Q. Group No. 5? A. The Evans, the Exchange, the Ontario, the Union, the Wheeler and the Wilkeson. That takes them all, I believe.

Q. Suppose we commence with Group 5 and go backwards. Upon what basis of percentage did Group No. 5 enter the association? A. I cannot tell you of these groups. I happened to know that one, and that is the only one I know.

Q. Is there no record in your office as to the agreements between these elevators? A. There may be; I don't know exactly where it is.

Q. You could secure it? A. I cannot give you the percentages from memory; they were made up in fractions. I think I could find it.

Q. You have a record of the agreement entered into on the first of April? A. Yes, sir.

By Commissioner Shayne:

Q. You have a record of the checks? A. Yes, sir, of course. We are business men.

By Mr. Fairchild:

Q. Can you get that record? A. I don't think I could, to produce it here now. In time I could produce it for you. I am trying to get promises from the different houses, to get the information that you want.

Q. When will you know the decision of all the houses? A. I am not sure that I can reach them all, but I will hear from the bulk of them to-day. I have been in communication with the most of them this morning, and most of the houses I have seen do not seem to have any objection. That one group I can tell you about. They had nine per cent. That is the one the Exchange elevator is in, and I happen to know because I am interested in it myself. That is Group No. 5.

By Commissioner Smith:

Q. Will you state who has shown any objection to any disclosure of the matters? A. As far as I have been, I do not know that any one has especially, except this gentleman you had on the stand yesterday.

Q. Mr. Douglass? A. Yes, sir. He said he did not think he was authorized to say anything. There is another gentleman whom I tried to reach this morning, who is in New York. They said at his office that they would wire him and would let me know as soon as they heard from him.

Q. Would you be able to give now the amount of dividends to each of the elevators in Group No. 5, since April 1st? A. I could not tell you now. I haven't the figures here, and I have never put them together. Of course they are charged up in three or four payments.

Q. Will you compile that for the Commission? A. Yes, sir; I will.

Q. And will you make a like compilation of the payments to each of the elevators, including the payments to Group No. 1 and payments to the Dakota and Frontier since the first of April? A. Just at present I cannot agree to do that for Group No. 1, but I think I can reach that point for the other groups. So far as I have been, I have found no objection in that group.

Q. You would be able to do it with every group of the elevators, excepting the elevators in Group No. 1? A. I think so. I do not say that I cannot for Group No. 1. Of course, I have got to consult with those parties before I am permitted to do it.

Q. Does that depend largely upon the word that will be received to-day from Mr. Douglass? A. I think it will be an important factor in the matter. Of course, you understand that with regard to Groups No. 1 and No. 2 I do not know what their divisions are. It is between themselves.

By the Chairman:

Q. What official has charge of that division in your association?

A. How do you mean; how the division is made?

Q. Yes, sir. A. There is none.

Q. How is the division made? A. I know what the group gets, and when I am ordered to make a division of the money, I pay what is due to that group.

Q. What forms a group? A. I have stated that.

By Mr. Fairchild:

Q. Can you give me the total amount of monies received by the Western Elevating Association since the first of April, and the total amount expended by it, and the total distributed to all the elevators? A. No, sir.

Q. How long would it take you to get those figures? A. I probably could give them to you at the same time I got the others. I have not got them here. It would not take very long to compile them, of course. You could figure it up yourself. I have not collected all of the amount. There is the half cent to be collected.

Q. You have certain expenses of the association that have to be paid out of that? A. Yes, sir, but they are not large. There is nothing but our office expenses, probably somewhere between \$3,000 and \$4,000.

Q. You would not feel obliged to wait for a decision from anybody before giving that compilation? A. No, sir; I don't think there would be any objection to it. You can figure it out as well as I can as to what they have earned.

By Commissioner Smith:

Q. In your statement of the number of bushels elevated by the elevators in the pool, do you include that portion that you ele-

vated free, or for the small wagons, or what went by canal? A. Everything that goes through the office.

Q. It would be fair to estimate that a half a cent a bushel was received on all grain by the elevators in the pool for elevating?

A. No, sir; not quite.

By the Chairman:

Q. How large would the percentage be? A. There has been in the neighborhood of 4,000,000 bushels handled at a lower rate for the canal.

By Commissioner Smith:

Q. That is the total of the canal grain that has been shipped by the elevators in the pool? A. No, sir; we have handled through canal grain that paid the full rate. Early in the season there was not much cutting done.

By the Chairman:

Q. Whatever you did do at cut rates was canal business? A. Yes, sir.

By Mr. Fairchild:

Q. Will you give the total amount of grain received at Buffalo for the year 1898? A. About 223,000,000 bushels.

Q. Can you give the amount of grain that went over the canal in 1898 of that 223,000,000 bushels? A. My recollection is about 23,000,000 or 24,000,000 bushels. I will not be positive, but it was not very far from it.

Q. Were you present at any of the conversations when this pool was being arranged this year, and when it was decided what elevators should be included and what elevators left out? A. No, sir, I was not.

Q. Did you at that time hear any discussion as to what elevators should be included and what elevators should not, on the part of any of those who entered the pool? A. I heard some talk about it after I returned home.

Q. You were away at the time the arrangement was made? A. Yes, sir, all except the final details of the divisions. It was all

fixed up as to who would and who would not be taken in before I got home.

Q. In any of those conversations with the elevator owners who formed the pool, did you hear any reason given why the elevators that were not included, and which were capable of being operated, were not included? A. I do not remember that I did especially? Mr. Douglass stated the reason yesterday as concisely as it could be stated. The conditions were such that it necessitated only those elevators going into the pool as could assist in the handling of the rail trade, and get rid of these blocks here, and for that reason it was not considered necessary to go any further at that time in forming the association. Of course, the one object at the time, as I understood it of the big rail houses and those that handled rail grain, was to prevent the insertion in bills of lading of a clause that would be detrimental to parties handling the grain, and that could only be brought about by having an arrangement here that grain could be sent to any house that had rail connections.

Q. In other words preventing through bills for canal grain? A. Not at all. We handled canal grain just as quickly as we handled anything. We are glad to get it at any time. Anybody that says the contrary does not know what they are talking about. We are just as anxious to have the canal enlarged as anybody.

Q. Meaning the association? A. Yes, sir, the elevators in the present association.

Q. Would you make that statement of each and every elevator in the association? A. Yes, sir, excepting the elevators which are strictly railroad houses, like the New York Central, the Connecting Terminal, the Erie and such houses which would not be bothered with canal grain as long as they can take care of it elsewhere, but there are fifteen or twenty private elevators that are always glad to take canal grain. If the canal dries up they dry up.

By the Chairman:

Q. Are they in the present organization? A. Yes, sir. When you say "the rail elevators," in some way it seems to give the

idea to outsiders that we do not desire canal business. We have the very best facilities for handling canal grain. We can load canal boats at the same time that we are elevating grain for rail shipment. We made a special effort with that end in view. The canal business is very desirable to retain, desirable to cultivate and enlarge.

By Commissioner Smith:

Q. Why do they do it free? A. To get the business.

Q. Just do it for the pleasure of doing it? A. No, sir.

Q. When they do it free, what is the reason for their doing it free? A. I cannot tell you the reasons.

Q. If it is valuable business, there must be some reason? A. They would not get it unless they made a cut in the rates.

Q. They expect this is only a temporary matter, I suppose? A. I suppose so.

Q. When the elevators that have no rail connections get through, then there will be a fair rate charged on canal business? A. I don't know anything about that. If there was, I should not consider it anything out of the way.

Q. I suppose that the elevators doing business that is strictly canal would be glad to get a fair rate? A. I do not know about that. They cannot get the business without cutting our rates.

Q. So, when they cut, you cut? A. Yes, sir, but not as a rule. We have done so this spring; sometimes we have, but more often we have not.

Q. As a result of your experience, would you say that any of the canal houses that do a strictly canal business have made any money this year? A. No, I think not.

By the Chairman:

Q. You maintain the rates on all rail business? A. Yes, sir.

Q. No cutting there? A. No, sir.

Q. The only cutting done is on the canal business, because of this competition? A. Yes, sir.

By Commissioner Shayne:

Q. That shows the value of the canal for commerce? A. I have been here for thirty-five years, and I am with you on that.

By Mr. Fairchild:

Q. In other words, the elevators that have both rail and canal connections are in a combination to maintain rates as to the rail side of their elevators, and are in no combination to maintain rates as to the canal side of their elevators? A. Well, I will not say that, because when the combination was gotten up I do not think the question was considered at all. They have simply considered it advisable to meet that competition by cutting that rate.

Q. Who decides to cut the rates on the canal as to the elevators in your association? A. I believe that was left to the Board of Control.

Q. Of the association? A. Yes, sir.

Q. Who are on that Board of Control? A. The President, Mr. Sowerby, Mr. E. T. Evans and Mr. Douglass.

By Commissioner Smith:

Q. You did not at any time tell the strictly canal elevator people at what rate they could elevate grain that would involve no competition on your part in the way of a cut? You understand what I mean, do you? A. We have never had any communication of that kind with them.

Q. Would it have been practicable or advisable for your association to have informed the canal elevator people of a rate that they could charge that would involve no cut on your part? A. I could not tell you. I have never given the matter a thought. I do think this: That whether we cut the rate or not, it would have been cut among themselves. You cannot keep the rate up unless you have a combination.

Q. If you would have suggested a figure that would have been acceptable or satisfactory to you, don't you think the strictly canal elevators could have formed a similar association, whereby they could have maintained rates at that rate? A. Do you mean for us to take the stuff at the same rates that they do?

Q. Not to interfere, or if you did take it, to take it at the same rate that would be satisfactory to the association? A. I don't think such a thing could be done. If it was done, I don't think they would get enough business to buy their salt.

By the Chairman:

Q. At an even rate, you would have the advantage? A. Yes, sir. We have all the connections that they have and other connections which they do not have, and it is a great advantage to have the grain where you can turn it anywhere you want to, after you get it in store.

Q. In you idea of competition you must cut the rates in order to get business? A. Yes, sir.

Q. You do not cut the rates, you do not initiate the cuts? A. I do not think we do.

Q. You simply follow the prices made by other people? A. We do not do it altogether on our own volition. Just the minute a cut is made people want us to meet the cut. We have got to do it. It is not our own wish to do it, but to help customers out, because other people are making a cut.

Q. This is the law of competition? A. Yes, sir.

By Commissioner Smith:

Q. Is it your judgment that the elevators in the pool are competent to do all the business in the harbor? A. Yes, sir.

Q. There is no business for the outside elevators in this harbor then? A. I hate to say so, but I honestly believe it; for this reason, that we can handle the grain to a better advantage. If a block comes on rail grain, so far as the canal situation is concerned, we can always take care of it.

By Mr. Fairchild:

Q. Did you name all of those on the board of control? A. There are only three, that is all.

Q. Mr. Sowerby is president of the Western Elevating Association, is he not? A. Yes, sir.

Q. How long has the Brown elevator been closed, how many months? A. I don't remember, exactly, I think it is six or seven years altogether. We had it open one winter when we were short of storage. We had to dig through fifteen inches of ice to get the grain out.

Q. Mr. Sowerby is interested in that elevator is he not? A. Not personally; he represents parties that are interested, he represents a one-third interest.

Q. He represents parties who have a third interest in that elevator? A. Yes, sir.

Q. That is the full extent of his interest in that elevator? A. So far as I know.

Q. In what elevator is he interested? A. Personally, I don't think he is interested in any, but he has the management of the Niagara elevators for the same interests that own the Brown, as I understand it.

Q. Does that represent all of the interests in any of the elevators in Buffalo that are represented by Mr. Sowerby? A. So far as I know, yes, sir.

Q. And the Niagara "A," "B" and "C" elevators have rail and canal connections—that is, the "A" and "B" have rail and canal connections, and the "C" is back of the other two? A. Yes, sir.

Q. What elevator does Mr. Evans represent? A. The Connecting Terminal.

Q. And Mr. Douglass represents the New York Central City "A" and "B"? A. Yes, sir.

Q. Is there any one railroad leading out of Buffalo to the seaboard that has an interest in the control of the Connecting Terminal railroad? A. No, sir, not to my knowledge. The Connecting Terminal railroad is a little road just for the convenience of that elevator, to connect it with the Buffalo Creek road.

Q. Is Mr. Sowerby in town now? A. No, sir.

Q. Where is he? A. He is west somewhere.

Q. Is Mr. Evans in town? A. He was not yesterday.

Q. Where is he? A. I don't know. I have been trying to get him for a week. I do not know where he is; I think he went down East. His office telephoned me yesterday that he was not here.

Q. Do you know when he left town? A. My impression is about the middle of last week, but I am not positive. I think

last week Thursday, for I called him up on Friday, and he had gone away.

Q. Is every question of the rate to be charged left entirely to that board of control? A. No, sir, it is not.

Q. Explain to what extent it is? A. Simply on the question of meeting this competition, that is all. The question of the general rate is not left to the board of control.

Q. That was agreed upon on the first of April? A. Yes, sir.

Q. When Mr. Sowerby, or Mr. Evans, or any two out of the three members of the board of control, or—as I believe is now the case—all three members, are away from the city, who decides those questions that are left to them to decide when they are here? A. There is nothing to decide now, except where a man offers a cargo, whether we want to take it or not. When Mr. Sowerby went away he told me I would have to look out for that.

Q. Is there any controlling body in the association besides this board of control? A. The board of control is subject to the executive committee.

Q. And appointed by the executive committee? A. Two of them are.

Q. That is Mr. Evans and Mr. Douglass? A. Yes, sir.

Q. Mr. Sowerby is on that board by reason of his being president of the association? A. Yes, sir. I believe they are appointed by the executive committee.

Q. Who are on the executive committee? A. Mr. Douglass is one, Mr. Evans, Mr. Clinton, Mr. Wheeler, Mr. Kellogg, Mr. Farrington, Mr. Eames, Mr. Micheal and Mr. Deuer. The president, ex-officio, is chairman of the board.

Q. Now, Mr. Evans represents the Electric elevator? A. Yes, sir.

Q. Any other? A. No, sir.

Q. What elevator does Mr. Deuer represent? A. The Erie.

Q. Mr. Michael? A. The Dakota.

Q. Are there any elevators that have rail connections alone and no canal connection? A. No, sir.

Q. Which one does Mr. Farrington represent? A. The Great Northern.

Q. Mr. Kellogg? A. The Kellogg.

Q. Mr. Wheeler? A. The Wheeler and Ontario.

Q. Mr. Clinton? A. The C. J. Wells and the Bennett.

Q. Mr. Evans? A. The Connecting Terminal.

Q. Mr. Douglass? A. The City "A" and "B".

Q. Now in the discussions relating to what elevators would be left out of the pool and what elevators would be included in the pool, did you ever hear the fact that only 24,000,000 bushels of grain in 1898 were moved by the canal, out of a total of about 223,000,000 bushels, referred to as an element in that discussion? A. Well, I can hardly tell you that. I have heard it spoken of. I don't know whether in that connection. I would not want to swear to that.

Q. Did you hear that spoken of in any of the discussions upon your return by any of the men who were instrumental in forming this pool of 1899? A. I don't think they had any discussion on that subject after I returned. I heard of it probably in making this rate. I don't now remember where it came in. No doubt they would have considered it. It naturally would have been considered.

Q. From your experience would you consider that that proportion of 24,000,000 bushels out of a total of 223,000,000 bushels, would suggest that the canal elevators alone could not control sufficient business to continue in operation and make a profit as against such a combination as has been arranged? A. I don't think it could at an even rate.

Q. Then that proportion of 24,000,000 bushels out of 223,000,000 bushels would indicate that the result of such a combination as this, with those elevators left out, would necessarily in time result in the closing of those elevators? A. I cannot say about that. It probably would result so in time, just the same as though they were in the association and did no work at all. It would result in time in their closing.

Q. If they do not work, it results in closing because of deterioration of the plant? A. In time it would.

Q. In this situation it would result in closing because of the losses that would necessarily be incurred in keeping open? A. Yes, sir, I should judge so, that is, provided as I said that the rate is maintained and they try to maintain the rate.

Q. To the extent that the canal elevators are closed, to that extent the rail elevators would have a greater influence in diverting grain from the canal, would they not? Or of saying what grain should go by canal, and what should not? A. I don't think so. I think that question is misleading. If it is intended to convey the idea that the elevators in the combination would use any influence to turn grain away from the canal to the railroad, I don't think they would use their influence in that way.

Q. I am not asking you that. I am asking you for facts? A. As a fact they would not. I most emphatically think they would make no effort to turn grain from the canal to rail.

Q. With the canal elevators in operation, the rail elevators would not be as able, if they were so disposed, to prevent grain going by canal as they would be if the canal elevators were closed? Is that not so? A. They would be just as able if the rate was maintained. If the rate was cut it would, of course, help the canal that much by making the difference between the rates so much more. If the rate is maintained, I don't think it would make a particle of difference.

By Commissioner Smith:

Q. There is a Mr. O'Brien here who receives grain? A. Yes, sir.

Q. Has the elevator association made him any special rate this year? A. No more than for the others.

Q. No different rate than what others are getting? A. He gets the same rate as any one else. Of course he has a canal rate.

Q. You have not given him a rate to influence his shipping from the canal to the railroad, that is, diverting it from the canal to the railroad? A. No, sir.

Q. Would you know if any such rate had been given to Mr. O'Brien? A. I don't see how he could get it by rail.

Q. A lower rate than the outside elevators would charge him—the canal elevators would offer him a rate and you would give him a rate under that to get him to ship by rail? A. We have not cut the rate on rail grain this year.

Q. To no elevator? A. No, sir.

Q. Nor to any other organization? A. No, sir.

By Commissioner Shayne:

Q. You do not cut it when you ship by canal? A. Yes, sir, we have given Mr. O'Brien a rate to ship on the canal. I want to say in regard to the division of the percentages in these groups that the division is made by each group by itself, with the exception of Group No. 4, and there the same party represented both elevators and did not desire to make the division. He accepted the total for the two elevators and asked a special committee to divide it for him because he represented both elevators.

HENRY C. FRENCH.

HENRY C. FRENCH, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. What is your name? A. Henry C. French.

Q. Where do you live? A. At Buffalo.

By Mr. Fairchild:

Q. What is your business? A. I am in the transportation business, operating a steamboat line between Buffalo and Duluth. President and general manager.

Q. What is the name of the steamboat line? A. The Union Transit Company.

Q. Is that a rail line? A. No, sir, it has rail connection.

Q. What rail connections? A. The Erie, the Lehigh Valley and the Lackawanna.

Q. Are any of these roads interested in this line? A. None whatever.

Q. That line bears the same relation to each of these roads; it has no different relation with one road of any kind than it has with any other? A. No, sir.

Q. Have you any relations with a canal line? A. I have not at present.

Q. You did have? A. Yes, sir.

Q. When? A. Up to two years ago I was in charge of the canal line that connected with the Union Steamboat Company. That is a different corporation from the Union Transit Company.

Q. Are the same people interested in it? A. No, sir, the Union Steamboat Company belongs to the Erie railroad.

Q. At that time was the Union Transit Company in existence? A. Yes, sir.

Q. This canal line—what kind of canal boats, and how many were included in the line? A. There were none of the canal lines that owned their own boats. They were all chartered for the trip west bound. East bound they were forwarded through brokers here who are called commission men, forwarders.

Q. When you were connected with that canal line you had an office in New York and in Buffalo? A. Yes, sir.

Q. Did you pay attention to only west bound freight? A. That is all.

Q. What class of freight? A. All classes of merchandise.

Q. What is known as package freight? A. Yes, sir.

Q. And in sending that package freight by canal boats you would arrange in New York for such a number of canal boats as you would use, and charter them to return to Buffalo? A. Yes, sir.

Q. And as a rule, probably always, these canal boats would come down with grain? A. Yes, sir.

Q. Is that canal line still in existence? A. Yes, sir.

Q. How many years were you with it? A. Twenty-five.

Q. Will you state how the package freight done by the canal line compared in quantity at the time you left it with the package business done by that line, say a dozen years previous? A. It has decreased very much in the last ten years.

Q. Ten years ago, how many boats would you use? A. We have had as high as 700 or 800, and I don't know but we had as high as a thousand canal boat loads during a single season. What we call canal boat loads would be about 100 tons up freight. West bound freight they would only load 100 tons as a maximum.

Q. With lighter loads going up than they had going down? A. Yes, sir.

Q. During the last season you were with that canal line, how many boats were employed during the season? A. About 400.

By Commissioner Smith:

Q. That does not mean separate boats—it means that many loads? A. It means separate boats, loaded 100 tons to the boat.

By Mr. Fairchild:

Q. Would this freight in the most part be received from individuals sending their own stuff to the freight line, or would it be received from the railroads, they finding it cheaper to send it that way than to carry it themselves? A. I don't know as I quite understand that question.

Q. I will put it this way: Were there any cases where you received package freight from railroad companies? A. At New York?

Q. At New York, west bound to Buffalo? A. No, unless it was a railroad company which had water connections with the canal at New York. It might be a railroad east of New York that would send the freight in their own lighters, or on vessels to be landed at our piers to be delivered to our canal boats. But none of the railroads that you speak of, I presume you mean the trunk line railroads would deliver any freight to the canal.

Q. You know of no case of a railroad having its own connections at Buffalo and New York that would send freight by a canal line? A. No, sir.

Q. You said here that this canal line was run in connection with the Union Steamboat Company, which was owned by the Erie Railroad? A. Yes, sir.

Q. The Erie Railroad was also interested in this canal line?

A. Yes, sir.

Q. That road would have occasion to send package freight by the canal? A. Only such freight as the shippers would forward by the canal naturally by reason of the lower rates.

Q. Would the railroad company receive from the shipper the freight at those lower rates and then themselves ship it by the canal? A. The railroad companies would not receive it at their railroad warehouses. They were merely operating their canal line in connection with their steamboat line, the same as other lake lines are operated.

Q. In no case would the shipper or forwarder know the railroad company in the matter at all? A. No, sir.

Q. Will you explain the causes that led to the decline of package freight being taken by the canal west-bound? A. I think the reduction in rates, the lower rates that have prevailed in the last few years by rail makes it so much under the canal rate that the majority of the forwarders send it by rail.

Q. Is there any other cause that you would consider an element? A. Not that I can think of particularly.

Q. What effect on the package business would be the enlargement of the canal so that a 25,000 bushel grain boat could go through the canal? A. It is a grave question in my mind, whether the rates could be maintained profitably on this package business.

Q. Irrespective of the size of the canal? A. Yes, sir.

Q. What would you consider a fair rate on west-bound freight, say an average for a year during the last two years? A. On what class of freight?

Q. Those classes that you handled? A. Sixth class, the lowest class of freight from New York to Buffalo?

By the Chairman:

Q. What class of merchandise did you principally carry? A. All classes of merchandise, particularly the lower classes, the fourth, fifth and sixth classes, although we carried a good deal of the first, second and third classes.

Q. Did you have proper terminal facilities in New York for your canal boats? A. Yes, sir.

Q. Does the same thing exist to-day? A. Yes, sir.

Q. Where is it located? A. On the piers from No. 1 up to No. 8, East River.

Q. Did you ever have any difficulty there in landing your boats to receive your goods? A. None whatever.

Q. What, in your opinion, should be done to revive the package freight; what recommendation could this Commission make in your opinion? A. I have no idea that you can make any suggestion that will revive the package freight business of the canal. I think that in time it will all be done by the railroads.

Q. By reason of the lower rate? A. By reason of their facilities for handling and forwarding the freight.

Q. A quicker delivery? A. Yes, sir.

By Commissioner Smith:

Q. What would you consider a fair rate? What has been the rate, if you can recollect it, on freight that you have carried by the canal during the last ten years? The average rate per year? A. About one dollar per ton.

Q. What does it fluctuate between? A. From that up to two dollars per ton.

Q. What below that? A. It very seldom gets below that.

Q. Cannot you recollect when it was carried by the canal, from New York to Buffalo, for thirty-five cents per ton? You are referring to the price by canal boats for carrying? A. The question I answered was the charge we could afford to carry it for, including all expenses.

Q. The charge you could afford to carry it for by canal? A. Yes, sir.

Q. The rate you would take it for from the shipper? A. Yes, sir.

Q. Then there has seldom been a time when you would receive it from the shipper for less than one dollar per ton? A. Yes, sir.

Q. Do you recollect any times when you have taken it for less? A. Several times in large quantities.

Q. How much less? A. In the neighborhood of thirty cents per ton less.

Q. Would you recollect an instance where it had been below that? A. I don't think so, I think it was about seventy cents per ton.

Q. Would you know if such a rate had been made by other lines such as your own for less than that? A. I think I would.

Q. You do not think that such rates have been made for less than that? A. No, sir.

Q. Then if only thirty-five cents was received by the canal boat, then double the rate would be received by the canal line? A. You want to consider that thirty-five cents is paid to the canal boat free of all handling, insurance expenses at New York and Buffalo.

Q. The expense involved in that is all paid by the canal line? A. Yes, sir.

Q. Did you receive shipments, say from New York to Chicago, for rate very much lower, very materially lower, by canal boats than you would charge the shipper, for instance if you would make the rate? How low a rate have you made from New York to Chicago in that way? A. I think rates have been made as low as nine cents a hundred pounds, that is one dollar and eighty cents per ton.

Q. How low have you paid the canal boats for their proportion? A. That might be at some other time. That might be at a less rate when the other rate was lower.

Q. Sometimes your business was at a loss? A. It is a fluctuating business, according to the supply and demand of boats.

By the Chairman:

Q. It is a matter of bargain every time? A. Those charters are made from day to day, and it is all owing to the demand and supply of boats.

Q. Are you in favor of enlarging the canal? A. Personally, I have no interest in the canal, although all my business prior to the last three or four years was entirely by the canal.

Q. What is your opinion now of the canal? A. I have gotten out of the canal business because it is not profitable.

Q. You have an opinion as to whether it should be enlarged or not? A. I believe that the property and commerce of the State has been benefited by the canal. It is a grave question in my mind whether an enlarged canal would still benefit the commerce of the State. I have grave doubts whether an enlarged canal would return to us the commerce we had heretofore.

Q. Upon what do you base that doubt? A. On my experience for the past twenty-five years. I lost money in the canal business for the last three years I was in it.

Q. If the facilities were equal to the facilities of the railroads do you think the canal would benefit the State? If it were deepened and widened? A. If the facilities were equal to the railroads I think that the canal would get a share of the business.

Q. Can the facilities be made equal on the canal? A. By a great outlay of capital.

Q. Do you think it would benefit the State? A. There is where I say, in my opinion, I am fearful of the fact that it will be a benefit for the State to expend any great amount of money for the enlargement of the canal. I am sorry to say that, for I have made my money in the canal.

Q. Do you think that the city of Buffalo would be benefited by the enlargement of the canal? A. I do.

Q. Do you think New York city would be benefited by the canal? A. Yes, sir.

Q. Do you think the people along the route of the canal would be benefited? A. Yes, sir.

Q. Then, if the people along the route and the cities are benefited, do you think the State is benefited? A. It is, yes.

By Mr. Fairchild:

Q. You do believe, I imagine, that an enlarged canal would result in much larger shipments of grain to New York city from Buffalo by the canal than are now shipped? A. Yes, sir.

Q. And supposing as a result of these larger shipments the

canal boats were made of steel, would not that largely wipe out the element of insurance? A. No, I don't think that it would. The cost would not be much less for insurance on a steel canal boat than it would be on a wooden one.

Q. The insurance is against destruction by other means than by fire? A. The insurance is against loss by damage or leakage. On the steel boats there is very little less loss than on the wooden vessels.

Q. There is less in favor of the steel vessels? A. Yes, sir.

Q. What is that difference? A. It is so slight that I cannot recollect it.

Q. Do you consider that the canal terminal facilities on the East River are equal to the terminal facilities of the railroads that receive package freight? A. No, sir.

Q. They fall far short of it, do they not? A. Yes, sir.

Q. And to the extent that they fall far short, the expense of handling, to which you referred, is very much increased? A. The risk and handling are increased. They are on better piers. They have warehouses to house the freight as it is delivered.

Q. If terminal facilities could be provided for the canal boats in addition to an enlargement of the canal, that would give the canal trade just as much of an advantage as the railroad terminals now have provided for themselves? That would reduce to a substantial extent the element of cost to the transit lines would it not? A. Yes, sir.

Q. If enlarged canal boats took larger quantities of grain to New York, they would be much better able to charge a lower rate for west bound freight than they have ever been? A. Yes, sir.

Q. Have you ever known in your experience of package freight arriving at Buffalo on the canal and being refused by the railroad lake lines? A. No, sir.

Q. Have you ever heard of any such instance? A. I presume that there may have been freight offered some of the railroad lines for delivery to the canals, but knowing that there were no facilities on the part of the canal lines to receive it, they would not contract for any such freight.

Q. That applies to east bound freight? A. Yes, sir.

Q. Then the canals are also at a disadvantage respecting package freight by reason of lack of terminal facilities at Buffalo?

A. Very largely. The package freight east bound on the canals years ago was a very large and lucrative business.

Q. You referred to classes 4, 5 and 6. Will you explain what kind of merchandise is included in each one of these classes principally? A. It is according to the railroad classification. Every article of merchandise is classified under various classifications.

Q. I understand. I want the principal item in each class. A. The sixth-class freight would be such as cement, whiting, cinders.

Q. That is what they call "course freight?" A. Yes, sir.

Q. Now, the fifth class; that is sufficient of the sixth class? A. Coal oil, is fifth class in carloads, and fourth class in less than carloads. Sugar is sixth class. Iron ore is coarse freight, it is not classified.

Q. Coarse freight is a special class? A. Yes, sir.

By Commissioner Smith:

Q. What is coal? A. Special. Such freight as that is not classified.

By Mr. Fairchild:

Q. That would apply to pig iron, manufactured iron? A. Pig iron and manufactured iron would be sixth class. Paints are fifth class.

By the Chairman:

Q. Do you carry any high grade freight? A. Yes, sir.

Q. Any leather and hides? A. Yes, sir.

Q. What classification is that? A. Leather is first and second class. They do not have much leather.

By Mr. Fairchild:

Q. I suppose that in recent years the principal amount of package freight has been directly in dealing with large concerns like

the sugar refineries, rather than small individuals? A. Mainly, sir. It is both.

Q. But to a larger extent such large concerns as I have referred to? A. Of course, the larger concerns would ship larger quantities. But the canal business is not confined to any particular class of shippers. It is all classes.

Q. Has your attention been called to the increase of shipments on the canal in the last two or three years of iron ore, pig iron and manufactured iron? A. No, sir.

Q. Then, when you expressed your opinion adversely to the canal improvement, your attention had not been called to the fact that there was an increase in the imports of pig iron on the canal from 1,072,897 in 1896, to 1,242,760 in 1897, and 1,609,500 in 1898? A. That class of freight is not handled particularly by the canal lines.

Q. I am not referring to the canal lines. I am referring to your opinion. A. I have had no knowledge or any interest in it.

Q. When you expressed your opinion adversely to the improvement of the canal, you did not know that the canal under present conditions was increasing its commerce in pig iron to that extent? A. No, sir.

Q. You were equally unaware that the imports on the canal of iron ore increased from 6,066,790 in 1896 to 12,139,678 in 1898? A. I have no knowledge of those figures.

Q. Neither had your attention been called to the fact, nor did you know that the exports of pig iron on the canal had increased from 29,689,000 in 1896 to 54,653,000 in 1897 and 61,136,000 in 1898? A. No, sir.

Q. Nor that the exports on the canal of railroad iron increased from 2,701,600 in 1896, in all these figures I refer to pounds, to 10,725,218 in 1898? A. No, sir.

By Commissioner Smith:

Q. Speaking of the package freight business at New York; how is it handled there, how is it put on board the canal boats? A. Loaded on the canal boats with a derrick.

Q. You employ separate men to do the loading? A. They hire a gang of men there to do the loading.

Q. What would be the cost of loading? A. We estimate 25 cents a ton.

Q. What is the insurance? A. It varies according to the value of the cargo.

Q. Can you express it in percentages with regard to the value of the cargo? A. No, sir, that is all done by detailed calculation, carefully arrived at on each of the shipments.

Q. Take it ordinarily? I presume there is a class of freight that has been handled more particularly than other classes, and that you could arrive at some approximate valuation? A. On some cargoes the insurance premiums would be \$20 or \$30, and others would cost \$40 or \$50.

Q. In such a case, of course, the rates would be higher? In cases of the greater value? A. Yes, sir.

Q. About twenty-five cents a ton is the cost of handling? A. Yes, sir.

Q. You could not give a limited sum per ton that the average cost of insurance would be? A. I would not want to.

Q. Take cement; what is the insurance on cement? A. The insurance on cement is fixed; it is thirty cents on the \$100.

Q. How many hundred barrels would you carry on the ordinary boat load? A. About \$2,500 would be the value of such a cargo.

Q. Is there a great deal of cement shipped west? A. No, sir. That is distributed over the canal. We used to have 100,000 barrels in a season. Now, I don't think it would amount to 20,000 barrels. It is owing to the tariff on cement. The local cement is used more largely in this country than the foreign cement.

Q. A great deal is produced on the Hudson river? A. Yes, sir.

Q. And it is carried by the canal west? A. I am inclined to think that it is used mostly in the east, nearer the market. That same class of cement is furnished in other parts of the country, nearer the western market.

Q. There is still a good deal of plaster? A. Yes, sir. But not so much moved as there used to be.

Q. What is the insurance on that? A. About the same as cement.

Q. Is the value of a cargo any greater. A. About the same.

By Mr. Fairchild:

Q. Can you give us the names of canal lines other than the one you are connected with that are operating on the canal? A. The Western Transit Company.

Q. What others? A. The Anchor line.

Q. They are now canalers? A. Yes, sir; the Anchor has a canal boat line.

Q. The Western Transit Company has a canal boat line? A. Yes, sir.

Q. What others? A. The Union Steamship Company, the Diamond Dispatch.

Q. What lake line is in connection with that? A. The Lehigh Valley Transportation and the American Transit Company.

Q. Are they in connection with any lake line? A. In connection with the Wabash, and Soo line. The Inland Transportation Company.

Q. What lake line is that in connection with? A. I don't know that it has any regular lake connection. It connects with any line it can ship its freight by.

Q. Who operates that line? A. Mr. Stillwell.

Q. He is here, is he not? A. He is here.

Q. What other line? A. Those are the only lines that run here regularly. The Erie Boatmen's Transportation Company.

Q. Is that in connection with any lake line? A. I think it is in connection with the Soo, Wabash line.

Q. Then is the Inland Transportation Company the only line that has no connection with a lake line? A. It is the only one that I know of.

By Commissioner Smith:

Q. You have testified that there is no combination or arrangement among the lake lines to refuse package freight, or any kind of freight coming by the canal? A. Yes, sir.

JULIUS B. STILLWELL.

JULIUS B. STILLWELL, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. Julius B. Stillwell.

Q. Where do you live? A. Buffalo.

By Mr. Fairchild:

Q. What is your business? A. I am general freight agent for the Inland Transportation Despatch, not company.

Q. That is a canal line? A. Yes, sir; a canal line in connection with lake lines from here.

Q. You are in connection with other lake lines? A. Yes, sir.

Q. Any particular lake lines? A. Yes, sir.

Q. What lake lines? A. We are the regular connection of the Northern Steamship Company which has a through traffic to all points in the Northwest.

Q. How long have you been connected with that canal line? A. Over twenty years.

Q. You have offices in New York? A. Yes, sir.

Q. And in Buffalo? A. Yes, sir.

Q. Have you ever had freight west-bound refused here at Buffalo by any lake line? A. Yes, sir, at certain times and under certain conditions.

Q. Will you name those times and conditions and give the names of the lines that refused the freight? A. Whenever they were competing against one another they would take business from any line that offered it to them at Buffalo, irrespective of their own canal line. They have their own canal line, that is, they do not own any canal boats but they have what they call their own line and operate under that name from New York, and they take business from there at agreed rates or cut rates, whatever they can get, and will not do business under ordinary circumstances with any line but that canal and lake line. They shut out all

competitors. This season the same thing has happened. In the past they endeavored to shut out what they call lines with no regular connections, that is, lines which they do not control or have no interest in, between New York and Buffalo. Such lines as that they try to shut out.

By Commissioner Smith:

Q. You say "endeavor" and "try." What do you mean by that? A. They refuse to take the business.

Q. You have heard the previous witness testify here? A. Yes, sir.

Q. You heard the question that I put to him, just before he retired from the witness chair, whether there was any combination among the lake lines that refused to take business brought by the canal? A. They do not refuse to receive business from the canal boats.

Q. State the qualification that that gentleman had in mind that enabled him to answer that there was no combination. A. I can not say that there is a combination to shut out the canal lines as a whole. They have their tariff under which they do business with their own lines, bringing the freight to Buffalo on their own line. They charge local rates in Buffalo, do not have any divisional rates with them.

Q. There is no opportunity for these other lines that are independent to get the business? A. No, sir. They could get the business, but I do not know whether it would be profitable.

By Mr. Fairchild:

Q. Do you think that accounts for the fact that there is only one line, if any, that has no connection with these lake lines? Do you think that that fact, that they would refuse freight except upon local rates, has anything to do with the non-existence of canal lines separate from lake lines? A. I know that all the lines that have been doing business on the canal in the past, as through lines, are still doing it, but whether there would be any more or not, I could not answer that question.

By Commissioner Smith:

Q. Do you find it more difficult for you to do business than for those people who have lake lines? A. Yes, sir; more difficult of course.

Q. Because they have an advantage in rates which you do not have in shipping West? A. They have an advantage where they have their own canal and lake line over an individual who tries to do business without any connection.

Q. That is the only disadvantage such a line as yours would be at? A. They own the terminal here.

Q. That facilitates business their way? A. Yes, sir.

Q. You do not own terminals? A. No, sir; only the railroad companies own the terminals.

By Mr. Fairchild:

Q. You have had occasion during your connection with this canal line to notice the decrease in the package freight on the canal? A. I should say we had.

Q. What effect would you consider the enlargement of the canal, as has been proposed, and the enlarged capacity of the canal boat, would have on the package freight business? A. I think it would have the same effect the horse car would have against the trolley car. There is just as much difference to-day between the waterway and the railroad as there was years ago when the canal was built. The canal is trying to compete with the railroad companies with tools they had years ago. They can not do it. With an enlarged canal and proper boats our insurance on the canal would be nominal, while now it is very heavy. No insurance company wants the business. It is very difficult to get insurance at all this year, and next year I would not be surprised if the insurance companies would refuse to take the risks at all on west-bound business. We are not interested in east-bound business.

By Commissioner Smith:

Q. Were the losses so great? A. They were last year very heavy and the property is depreciating very fast. Nobody has

got any money to improve it, to keep it in order, and the boats are not large enough.

Q. You attribute the losses to the depreciation of the boat or the bad condition of the boat? A. It is both. That boat can not compete with the railroad, no matter in what shape it is.

Q. Do you think the canal is in a better or worse condition than before the nine-million-dollar improvement was started? A. I could not answer that question. I think the canal is certainly in a better condition; at least the boatmen say the time is better.

Q. You do not think the improvement, so called, has left the canal in a condition any worse than it was before, at least? A. Oh, no; it is better.

By the Chairman:

Q. What would you recommend should be done to the canal? A. The canal wants to be widened, the locks widened and put in shape, so they can carry three times the cargo they can carry now. Then they can compete with the railroads. Grain can be carried easily for a cent and a quarter a bushel, perhaps a cent, and they would get a good return for their investment.

By Commissioner Shayne:

Q. That would include all charges? A. It would include those they include now. Of course, the boat has to pay for their own trimming here and for the loading in New York.

By the Chairman:

Q. Do you favor the widening and deepening of the canal? A. Yes, sir, it is the only salvation.

Q. Do you have any trouble with your New York terminals? A. Yes, sir; we could do a large business by canal if we had the facilities.

By Commissioner Smith:

Q. What character of facilities would you recommend? A. They would have to have a large warehouse there.

Q. A covered shed? A. A covered shed so that they could de-

liver package freight just the same as the railroad company could.

By the Chairman:

Q. If those facilities were up town would that be favorable to the canal trade? A. I think they should have up-town and down-town facilities. The flour merchants are principally down town, around South street.

Q. But how about the package business? A. The package freight business should be in the neighborhood of Thirty-third street, up that way, even further up I do not think it would make much difference, although it must be so there will be no lighterage charge.

By Commissioner Smith:

Q. You know that the dock department set aside piers at the foot of Fifty-third street, along there. If sheds were put on those piers would it facilitate the canal business? A. Yes, sir.

By the Chairman:

Q. Do you ever use them? A. No, sir.

Q. Why don't you use them? A. Because we can not get any business.

By Commissioner Smith:

Q. If you had those facilities, what about west-bound freight? A. It would not make such a lot of business in west-bound freight because we use the canal boat as a storehouse. It would aid them materially in the loading of the boats because the freight could be sorted on the docks which would save towing in Buffalo.

Q. If the State should build sheds on the piers the dock department has set aside, would those people who ship package freight by canal take care of it? Do you think they could enter into an arrangement to take care of those sheds, so there would be no expense to the State? A. I think the canal transportation companies would enter into that, to pay that expense; it would not amount to a great deal when it was distributed.

Q. You think a permanent arrangement could be made with responsible people? A. I do not think there is any question about it. They are looking for those facilities and have been for years.

By the Chairman:

Q. That is one of the objects of our visit here, to ascertain the opinion of the canal men, the canal people, as to what terminal facilities they recommend in New York harbor? A. Well, the piers, covered piers, are what are needed. They have piers now, but they are not like a covered pier.

Q. Would a terminal in the Harlem river benefit canal men? A. It is too far for west-bound business. Shippers would naturally refuse to cart their freight way up there. The merchandise business is principally carted.

Q. How far up town would you recommend the limit? A. I do not think it should be above Fiftieth or Fifty-second street, along there. The North River would be better than the East River.

Q. The East River would be a great disadvantage to you? A. The East River is not a proper place for it.

By Mr. Fairchild:

Q. I suppose it would be all right if it did not go above Fifty-ninth street, the southerly line of Central Park? A. It is a good ways to cart freight from the wholesale district. Take the dry goods business, they would never cart that freight up there. It would necessitate the canal line absorbing the cartage or lighterage.

Q. It ought to be located with reference to the wholesale district? A. Yes, sir.

By the Chairman:

Q. The principal freight is not high grade freight? A. Yes, sir; we have lots of high grade freight.

Q. What about your facilities at Buffalo harbor, what suggestions have you to make? A. Warehouses are needed here for the east-bound business more than they are needed in New York for west-bound business.

By Commissioner Smith:

Q. Do you have any difficulty in getting east-bound business from the lake lines? A. We are not in that business, the east-bound business. We do not take any east-bound business at all.

Q. Do you know if there is any combination of lake lines to prevent package freight going by canal? A. I cannot say.

By the Chairman:

Q. Do you know of any one who could give us the information? A. Mr. French is as well posted on that matter as any one I know of.

Q. Any one outside of Mr. French? He has already testified. Mr. L. T. Smith, could he? Could Mr. Beadle? A. I think Mr. Ryan is pretty well posted on such matters.

By Commissioner Smith:

Q. Do you know of any combination in New York that fixes the west-bound rate on the canal, say from week to week, or at any stated period, for the canal boats west bound? Do the people who give their freight to the canal boats have a meeting just so often and arrange what the rate shall be and stand by that? A. I think they did have an association once. Of course, such a thing as that is rather necessary where they make a tariff on goods that are on a sliding scale. They are based on certain canal charges. They could not make a rate unless they knew what the canal charges are going to be.

Q. They meet just about once a week? A. I don't know what they do.

Q. Don't you know what your representative in New York does in that matter? A. I know there is an agents association there, but whether they fix rates I do not know. I should think they would.

Q. It is a factor in getting your business. You are in that agents association that is composed of those who have lake line connections? A. Yes, sir. We have lake line connections to every port.

Q. You do not know then whether your agent acts with those other agents or not? A. I do not think he does, because they have always considered our line as an opposition, as a competitor.

We have the best of connections on the lake outside of those railroad lines.

Q. Why wouldn't it pay the Northern Steamship to ship package freight by your line? A. I do not know.

Q. Haven't you ever sought that kind of business? A. No, sir.

Q. Don't you think it would be worth your while to do it? A. We could not do it.

Q. Provided you had terminals of your own, could you not?

A. If we had terminals of our own and they saw fit to use the canal.

Q. Don't you think it would be mutually profitable? A. Yes, sir.

Q. You are a pretty bright man, why haven't you done it?

A. There are good reasons for not doing it.

Q. Why haven't you asked them to enter into an arrangement with you? A. I know better.

Q. You do not think they would do it? A. I do not think they could do it.

Q. Will you not state why? A. I could not state why. I know they would not, because they have their railroads east and west. The time is another thing. The time on flour is something. They have to connect with certain steamers in New York, which the canal could not do at the present time.

Q. They get free storage in New York for quite a time on flour, don't they? A. I suppose they do from the railroad companies. I do not know about that. I have never shipped flour package freight.

By Mr. Fairchild:

Q. Then the question of time, as well as the enlarged capacity of the boat, would be an important element in connection with an improved canal? A. It would under certain conditions.

Q. It would on flour? A. Yes, sir; I think it would.

Q. Would it on merchandise and package freight generally?

A. That depends on whether it is for export or not.

Q. All package freight that would enter into export business would be an important factor? A. It would on account of their having to take the room on the steamer that is engaged.

Q. Then, so far as that class of freight is concerned, if the canal locks were widened, so that an enlarged canal boat could be operated on the canal, it would still require the canal itself to be widened sufficiently to allow greater speed of such canal boat, to get the full effectiveness of the canal? A. I think the canal should be wider. Greater time could be made. Still, there would be lots of flour which would go over the canal for domestic purposes.

Q. With the enlarged locks? A. Even as slow as they run now.

Q. Then, as I understand your testimony, you would consider that the enlargement of the canal, and the providing of proper terminal facilities at both Buffalo and New York, would result in restoring to the canal the package freight business and that it would be able to compete with the railroads? A. I do not think there is any doubt about that; most anybody could see that. It is very apparent.

Q. Excepting Mr. French. You disagree with Mr. French on that? A. Greatly.

Commission here adjourned until 2.30 p. m.

A hearing of the New York Commerce Commission was this day, July 28, 1899, held in the rooms of the Board of Trade, in the city of Buffalo, N. Y., at 2.30 p. m.

Present: Hon. Charles A. Schieren, Chairman, Hon. C. C. Shayne, and Hon. Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

THOMAS N. RYAN.

THOMAS N. RYAN, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. Thomas N. Ryan.

Q. Where do you live? A. Buffalo.

By Mr. Fairchild:

Q. What is your business? A. Following the shipping business, in the elevator business some; have not done any elevating.

Q. You have done no elevating? A. Only three or four cargoes this year.

Q. You have the elevator known as the Ryan elevator? A. Yes, sir.

Q. Do you own any floating elevators? A. I did own one of those.

Q. You do not own it now? A. Yes, sir; we own it now.

Q. What is its present condition? A. It is in poor condition; have not fixed it up. We had a fire a while ago and we have not fixed it up.

Q. To what extent was it destroyed by fire? A. We rebuilt the house, but never put the machinery into shape.

Q. When did it burn? A. In March, 1897.

Q. Were you a member of the old pool? A. With this floater.

Q. You remained a member of the old pool with the floater until the pool was disbanded? A. Yes, sir.

Q. What did you say was the date of the fire? A. March, 1897.

Q. How long had you been in the pool prior to that time? A. I think three years.

Q. That is with the floater? A. Yes, sir.

Q. What dividend did you receive from the pool during those three years? A. I think \$15,000.

Q. A total for the three years of \$15,000? A. Yes, sir.

Q. You received about \$5,000 a year? A. I think about that.

Q. And you continued in the pool for about a year after the fire? A. Yes, sir.

Q. Until its termination? A. Yes, sir.

Q. And what dividend did you receive after the fire? A. Just the same; made no difference.

By the Chairman:

Q. You received, after the fire dividends on a floating elevator that did not exist? A. It existed; it was damaged. We did not fix it up, but they allowed dividends to us.

Q. Was it in a somewhat burned condition? A. Yes, sir.

By Mr. Fairchild:

Q. All the machinery was out? A. The machinery was in; we rebuilt the house, but did not fix up the machinery.

Q. What was the extent of the damage? A. Seven or eight thousand dollars.

Q. As to the efficiency of the floater to operate, what was the extent of the damage? A. It would require that much to put it in shape.

By Commissioner Smith:

How much did you spend on the repairs you did put on the boat? A. Sixteen or seventeen hundred dollars.

Q. What was the reason you spent that? A. So that we could be in shape if we were called upon.

Q. You would have been in shape if you were called upon? A. Yes, sir.

By Mr. Fairchild:

Q. There was no call for the elevator after you went into the association? A. No, sir; we never had a call from the first day we went in.

Q. You worked it continually up to that time? A. Yes, sir; we worked it for a spell.

Q. For how long a time? A. We came out in May, 1894, with the floater. We came out in the afternoon and the elevator men held two meetings and they lowered the rate from seven-eighths of a cent to an eighth of a cent and nothing.

By the Chairman:

Q. On your account? A. I guess that was the main reason.

Q. You were the only company here? A. No, sir. The elevators ran along until October and September and did a lot of elevating for nothing. Then they got together and made a pool and the floaters ceased working and the grain all went to the houses.

By Commissioner Shayne:

Q. After your elevator was injured by fire it was not repaired so it could be used? A. No, sir.

Q. But you received a dividend just the same? A. Yes, sir.

By Mr. Fairchild:

Q. Have you a stationary elevator? A. Yes, sir.

Q. What is the name of that elevator? A. The Ryan elevator; Erie canal elevator.

Q. That is here at Buffalo? A. It is at Black Rock.

Q. That never was in the pool? A. No, sir.

Q. Were any of the elevators at Black Rock ever in the pool?
A. I think not; we had the only stationary elevator that was there. Mr. Hall had a floater there.

By the Chairman:

Q. Is it still there? A. Yes, sir.

Q. Working? A. Ready to work. We have done some work this year. We are willing to work if we can get anything for it.

By Commissioner Smith:

Q. Have you worked in previous years? A. In 1896, that was just before the fire, we handled about 9,000,000 bushels.

Q. Did you rebuild it after it was burned? A. Yes, sir.

Q. How long had it been there? When did you first put it up?
A. In 1891 or 1892. It was a mill in the first place and we built it into an elevator.

By Mr. Fairchild:

Q. Is the International elevator a floater? A. No, sir; that belonged to Mr. Eames.

Q. That is at Black Rock? A. Yes, sir; but you cannot go to it with a vessel; can only take a canal boat there.

Q. Do you own any canal boats? A. I do, yes, sir.

Q. How many? A. I have got an interest, I think, in twenty. I own some of them myself and the others I hold mortgages on.

Q. For how long a time have you been a canal boat owner or interested in canal boats? A. Thirty years.

Q. And in connection with those canal boats you are a forwarder, are you not? A. Yes, sir.

Q. Have you any interest in any lake lines? A. No, sir. I have got a couple of lake barges; no line.

Q. Where do they operate? A. From here to Duluth and Chicago.

Q. For grain? A. For grain, lumber or anything we can get hold of. Unfortunately last year we were outclassed. I have got a fifteen hundred ton boat, but I had to lay her up last year, could not afford to run her, her capacity was so small; could not compete with the bigger boats. This year times are better and we can afford to run.

Q. You are familiar with the improvements that have been made on the canal as a result of the \$9,000,000 appropriation? A. Yes, sir.

Q. Is the canal shown to be more efficient now as compared to the time before that appropriation was expended? A. Yes, sir; I think it has improved the canal in places very much.

Q. Will you state to what extent? A. Well, I don't think the insurance risk is half so much. Between here and Tonawanda we have a real good canal; this side of Lockport there is quite an improvement and several places below here, where we had shoal places and where they did repairs, it was quite an improvement. Buffalo is very much improved. Before this improvement was made there were times when we could not get out of Buffalo, had several boats sunk every week.

By Commissioner Smith:

Q. Why? A. The boats would hit the rocks on the bottom.

Q. Because it was so shoal? A. Yes, sir; they made a good job of that; we have not had a boat lost there since.

By Mr. Fairchild:

Q. And that has made a substantial difference in the insurance rates? A. Yes, sir.

By Commissioner Smith:

Q. And the expedition with which vessels are navigated? A. Yes, sir; sometimes we had to lay here for days when the water was low.

Q. No such trouble now? A. No, sir; none whatever.

Q. What is the depth of the canal from here to Tonawanda?

A. Ten feet.

Q. Ordinarily? A. Yes, sir.

Q. Have you noticed any appreciable increase of traffic on the canal as a result of those improvements? A. I have noticed the iron increase. A couple of years ago we handled 38,000 tons of this iron. Something new for the canal. A great deal of the export iron we have handled went to China. It came this way the first time it ever came by canal. I got a letter last night from one of these big steel syndicates who wanted to know what figure we could make on 30,000 tons of iron and ore.

Q. To go down the canal? A. Some to come up, some to go down.

By Mr. Fairchild:

Q. You consider that that increase of iron shipments is due largely to the improvement that has already been made? A. Of course the improvement would help it, but if we had boats that could carry larger shipments we would get an immense business in that iron trade. The heavy freight in the coming time is going to be the thing for the canal, especially iron.

By Commissioner Smith:

Q. Manufactured? A. Manufactured.

Q. What do you mean by big enough? A. We cannot carry cheap enough to compete.

Q. How big? A. I think the locks should be 250 feet long and 25 or 30 feet wide.

Q. To take in a boat how large? A. Take in a double boat, that is two boats 125 feet long and twenty-five feet wide.

Q. And the capacity of that boat would be how many tons? A. Twenty-five thousand bushels of wheat.

Q. How much iron? A. Eight hundred tons.

Q. What do they take at present? A. About 240 tons on an average.

Q. How many bushels of grain? A. Eight thousand bushels of wheat.

Q. The trouble lies with the locks? A. The great mistake practically was when we commenced wrong end to. With the \$9,000,000 if we had commenced making our locks big, we would have boats able to compete in the business. Now everybody is poor and we are not making any money. I have known of the canal for thirty-five years and the only improvement is that we hitch two boats together instead of one. We get no more water, we get no bigger vessels and we carry no more tonnage.

Q. The improvement in the canal is due to the canal boatmen rather than to the State? A. Yes, sir; the trouble is the State neglected to do it; it ought to.

Q. In addition to that you put steam on the canal? A. Yes, sir.

Q. How much do you think that has reduced the cost of handling boats on the canal? What is the difference between steam and mules? A. There is a good deal of difference; it takes more money, of course, to get a steamboat, but they can earn more money. You can run to New York by steam as cheap as you can run to Albany by mule.

Q. Do they go faster? A. A steamboat goes faster. Some of these boats can go through the canal in five days; some have made as good time as six days to New York from Buffalo.

By Mr. Fairchild:

Q. Would a 25,000 bushel boat be able to go faster without widening the canal? A. By taking a few points off the canal she would be able to go along all right. The expense would be very little to take a few points and straighten a few places. On the aqueducts you might have to make a switch, boats would have to go over before they met. That is the only disadvantage and that would not be anything. When we first enlarged this canal from the old one, we had to do the same thing.

By Commissioner Smith:

Q. There was a greater traffic then? A. Yes, sir; a great many more boats, but they were smaller.

By Mr. Fairchild:

Q. Even if the canal locks were enlarged so that a 25,000 bushel barge could go through, wouldn't the present width of the canal create a limit on the speed of the boat? A. I don't think it would interfere with the speed of the boat. There might be some trouble in meeting and passing.

Q. Wouldn't there be a tendency for a boat having such a displacement to settle on the bottom of the canal if they were run at a high rate of speed? A. That was the trouble with the steamboats. Our steamboats tow three and a quarter to four miles an hour. If we struck a shallow spot we might strike bottom.

Q. Wouldn't there be the same difficulty with large boats? A. No, sir; I don't think so; the steamers would have a little more power.

By Commissioner Smith:

Q. Isn't it a fact that the boats can go down the Hudson river at about twice the rate they do on the canal? A. Yes, sir; they can go a good deal faster.

Q. Because they have plenty of water under them? A. Yes, sir.

Q. The exertion of power is not going to increase speed? A. It will push the boat faster.

Q. I understood it would push the boat on the bottom? A. I do not think so.

Q. If the canal was widened, as well as the locks, to allow sufficient water for this enlarged boat, you could make about the same speed through the canal as you could through the river? A. You cannot very well do it on the canal. The banks are closer and you could not make as fast time as you could on the river where you have a space. You can make on the canal an average of three and a half to four miles an hour with water under you and the canal in shape. I have boated it myself where we have dragged on the bottom. I have seen a boat go along and rub right on the bottom, turn the mules around and stop, because we went so close to the bottom and drew all the water;

we were rubbing all the time. If we had six or eight inches under us we would not have had that trouble. I have seen that with horse boats where they do not settle.

Q. Are there any places on the canal where that condition would exist with a large boat? A. Not if she does not draw over six feet of water.

Q. Is the canal now large enough so they can draw six feet of water? A. Yes, sir.

Q. All the way through? A. Yes, sir. Some places where we have had that difficulty very badly it has been removed by this improvement. We are always bothered on the levels.

Q. Has your attention ever been called to the matter of local freight on the canal? A. Yes, sir.

Q. Is the canal used so much for freight now as it used to be? A. They are running a steam line on the canal now and they seem to work against the railroads.

Q. Where to? A. Down to Utica.

By Mr. Fairchild:

Q. Is that something that has been inaugurated since the \$9,000,000 appropriation? A. Along about that time, a year before that time, but they are making a success.

By Commissioner Smith:

Q. Are they increasing it? A. Yes, sir; I think they are

Q. How much of a fleet have they? A. Five or six boats running out of Buffalo. I think in that line there are five or six boats. They are steamers.

Q. Just steamers, without towing? A. Yes, sir; and some of them do tow if they get a lot of freight. They land at every station like the railroads and deliver freight. They appear to live and survive the railroads.

By Mr. Fairchild:

Q. Is that the first competition in local freights the railroads have had? A. Yes, sir; to my knowledge it is. It is the first I remember of in late years.

Q. Is it not a fact that, by reason of that situation, locally there has not been the same competition between the railroads as in through freights, and that, therefore, the rates have been high for local freight? A. I guess they are high but in places where these boats touch they make a difference in rates.

Q. An appreciable difference? A. Considerable of a difference. Where these boats touch the rates are cut in two by the railroads and where they do not touch they are high.

Q. Would you consider that the widening of the locks and the larger boats would make a substantial increase of that local traffic? A. I do not know so much about the local traffic; it does not affect that so much as it does our through traffic. They do not generally carry such heavy loads, they carry light package freight, and make the trip very quickly. No doubt it would help.

Q. What would you say to be the reason there has been no local freight on the canal until recently? A. The railroads have cut off everything just as quick as they had any competition. They lowered the rates until there was nothing in it for the poor people in running.

By Commissioner Smith:

Q. Is there an agent of this packet line that you speak of in this city? A. Yes, sir.

Q. What is his name? A. H. C. Chamberlain.

By Mr. Fairchild:

Q. Is it not a fact that the greater the extent of competition on package freight the less margin there would be for the railroads to cut rates below cost on local freight and bulk freight? A. In places where they have competition the railroads make it cheap and where they have no competition they make it pay.

By the Chairman:

Q. They meet competition? A. Yes, sir.

Q. Do they cut rates? A. I do not know as they cut rates.

By Mr. Fairchild:

Q. They make yearly contracts? A. They say "We have done your business through the winter, consequently if you are going

to give it to the boat in the summer, you must pay double in the winter."

By Commissioner Smith:

Q. Do you know of any shipper that has been threatened that way, could you give the name of any one? A. I could inquire a little if I had the time.

Q. If you find the names of any such people will you send them to us? A. Yes, sir.

By Mr. Fairchild:

Q. Have you ever heard of any yearly contracts being made by the railroads with these shippers? A. No, sir; but I have heard the captains of the boats say there was a lot of business they could get, but the railroad agents went to these parties and said if they gave their business to the boats in the summer they would have to pay higher freight in the winter. I will find that party and send his name to you.

Q. Has your attention ever been called to the lack of terminal facilities in Buffalo and in New York for the canals? A. Yes.

Q. Have you any suggestions to make regarding that, resulting from your experience? A. The great trouble is that there have been combinations against us. This lake line, that Mr. French can explain to you better than any one else, some four or five years ago, got together and made a combination of all the freight handlers in New York.

By the Chairman:

Q. Who made the combination? A. Mr. French. He went to New York and they made an arrangement on the lake here; they made a schedule of prices and if anybody took anything below the schedule prices they would not take anything from them here. It did not make any difference what line carried it they divided up the profits just the same.

Q. Was that combination known by any name? A. It was a combination known as the Lake Pool. There was the Union Tran-

sit Company, the Western Transit Company and the Evans line. They made a schedule rate for all freight from New York to Chicago and other points, and if anybody in New York cut those rates they would not receive the freight here in Buffalo.

Q. Is that combination in existence now? A. I think it went to pieces a year ago, if I am not mistaken. If you went contrary to their agents in New York, they would not take your freight here. You had no connection with the west and you could not do anything.

Q. What about the terminal facilities? A. We ought to have a good place here. We have got the Erie basin and plenty of room, if you improve it.

Q. Is it in the State's control? A. Yes, sir; under the State's control.

Q. Can not the city supply proper terminal facilities for the canal? A. The great trouble with our city is that we have not had many men that were much of an addition to the canal.

Q. To what did they pay attention, if not to the canal? A. Some of them have paid more attention to the railroads than they have to the canal. Our mayor has never had any experience with the canal, nor have several others before him, and we find it customary, when we try to do anything individually, that they get out of the way.

Q. Do you think, if you would apply to the city authorities, the present administration, that they would exert their influence to get proper terminal facilities for the canal? A. Probably they would but the State of New York owns the canal and has got the facilities; all they have got to do is to improve them.

Q. If the State does not do it the city ought to do it? A. Certainly they had. The expense here would not be very much. They have got all the facilities to build docks and sheds; that is all they need.

Q. Have they room here to do it? A. Yes, sir; it belongs to the State of New York.

Q. Where would you locate them? A. Erie basin and Ohio basin too.

Q. Have you boatmen ever made an endeavor to get it? A. We have been to Albany and laid our complaints and got a good many promises. It looks as if it had workd up now more than it ever has before.

By Commissioner Smith:

Q. You think there is a greater public sentiment? A. Yes, sir.

By the Chairman:

Q. In this city? A. Yes, sir.

Q. The city administration? A. Yes, sir.

Q. Your board of alderman, common council? A. The trouble is that some of them have been influenced largely by elevator concerns and railroads. In place of helping the men they ought to, they help the other man.

By Commissioner Shayne:

Q. How would it work to make it an issue in the city election?

A. We ought to do that.

By Mr. Fairchild:

Q. Would you consider the closing of what are known as the canal elevators an injury to the canal? A. It would be an injury. In the year that I handled so much for the canal, why it helped the canal for this reason. It was a very dull time and we made it cheaper than the railroads.

By Commissioner Smith:

Q. What year? A. Eighteen hundred and ninety-six.

By the Chairman:

Q. Why didn't you continue? A. I continued up till they got to doing it for nothing and, as Mr. Douglass says, the man who has the largest purse can stay longer.

Q. What are the prospects now? A. The prospects are that when we get a little price we are ready to go to work. There

must be some trouble when the railroad will charge half a cent for rail grain and nothing for canal grain.

Q. You do not think it is to help the canal? A. I do not, by any means. Because we were out here and had a combination on the outside they thought it was easier to freeze us out.

By Commissioner Smith:

Q. What would you suggest to prevent their succeeding? A. If you could make a law that they should not interfere with the canal business, I think it would be a good thing.

Q. You mean a local law? A. No, a State law. You see at Fairport and Erie there are two elevators and they are diverting this business from the canal. The Baltimore & Ohio are at Fairport and the Pennsylvania at Erie. Their headquarters are in Erie.

By Mr. Fairchild:

Q. Are you familiar with the amount of grain that has been shipped via Erie? A. No, sir; I am not.

Q. Or via Fairport? A. No, sir; I am not.

Q. Do you know that the amounts have increased there? A. I so understand.

Q. None of the transfer towers are running now, are they? A. No, sir; the Watson elevator, I guess that is running.

Q. That is not a transfer tower, I mean a mere transfer? A. No, sir; they are running the Watson as a storage house.

Q. Now one reason they are not running is because they have no storage, is that not so? A. They have no business; they can not afford to work for nothing.

Q. Is it not a fact that one of the elements preventing their running is that they have no storage? A. Yes, sir.

Q. When they did operate they elevated canal grain exclusively, did they not? A. Yes, sir.

Q. Now were they not able to operate up to a certain time because of their ability to secure a large number of canal boats, in

combination, to receive the grain from the ship, so they could empty the ship? A. Twenty years ago, our boats have dropped off in that time, two-thirds in fact, when a vessel came to Buffalo, we had plenty of canal boats. Now the vessels have got larger and our canal boats scarce and, with our storage, it is not valuable to hang a vessel up. In those days, every time a cargo came here, there were plenty of boats ready for it. The consequence is that the towers are not so valuable.

Q. These towers operated until last year? A. For years they have not operated.

Q. Hasn't the Raymond tower operated? A. That is the only one.

Q. Up to what time? A. I guess she did a cargo or two this spring; she ran last year.

Q. Up to last year she ran continually? A. I think so; she is four years old.

Q. There are two towers there now? A. Yes, sir; he built a new one last winter.

Q. That was the result of a very large business at one tower? A. Yes, sir; expected a large amount of business.

Q. Wasn't there an arrangement whereby a large number of canal boats were secured by him in sufficient numbers so he could empty a ship? A. Very often.

Q. Isn't it an important element as to the causes why that elevator is not running that he is not now able to empty the ships of larger capacity that come here? A. He has not the boats; he could empty the ships if he had the boats.

Q. Couldn't the canal boatmen themselves, by furnishing the boats together in combination for themselves, aid these canal elevators to keep running? A. I do not see how they could as long as the other fellow can do it for nothing. If the railroads take it for the canal they do it for nothing and they charge a half a cent for rail grain. The result is that it is very hard work. The vessels object to going to the transfer towers because they cannot always get boats.

By Commissioner Smith:

Q. Do you think the canal boats do as fairly by these transfer elevators as they ought to do? A. Canal boats; no, I do not think they do.

Q. You do not think the boatmen treat the transfer elevators fairly? A. No, sir.

Q. The boatmen are standing in their own light? A. Yes, sir; they have always done that.

By Mr. Fairchild:

Q. They will not make combination against combination? A. They do not seem to anyway and there are so many of them that it is hard to get them together. There are all classes and qualities. It is pretty hard to make a combination.

By Commissioner Smith:

Q. It is pretty hard to enforce an agreement you make with them? A. Yes, sir.

Q. Isn't that one reason why the canal has deteriorated? A. Yes, sir; I think it is.

By Mr. Fairchild:

Q. Even when canal grain is elevated free, there is a charge, isn't there, that the elevator receives for services performed? A. No, sir.

Q. None at all? A. The vessels pay for the shovels and that is all the elevator gets; they pay a dollar and twenty cents for shoveling and the elevator gets that; that comes from the vessel; the grain pays nothing.

Q. I am referring to what the elevator receives? A. That is all they receive.

Q. When they elevate free they do get some income? A. Out of their steam shovels they get one dollar and twenty cents a thousand.

By Commissioner Smith:

Q. That is nearly an eighth of a cent a bushel? A. Yes, sir.

By Mr. Fairchild:

Q. With your experience with elevators, taking the business as it runs year in and year out, at how low a rate could the elevators make a profit? A. I could make all the money I wanted to and be satisfied with it if I could get business at a quarter of a cent.

By the Chairman:

Q. A quarter of a cent a bushel? A. Yes, sir.

By Mr. Fairchild:

Q. You give that answer to my question, having in mind that I ask for business as it runs year in and year out? A. Yes, sir.

Q. You are familiar with the Electric elevator are you? A. Yes, sir.

Q. It is a modern elevator, is it not? A. Yes, sir.

Q. Are you acquainted with the difference in the cost of construction between that elevator and the old style elevators? A. I do not think it costs any more than the old style elevators.

Q. Costs less? A. Yes, sir; and there is a great saving on insurance.

Q. Do you know how large a saving there is on insurance? A. The insurance will not be over one-tenth what it would be on a wooden elevator.

Q. And do you know as to the cost of operation as compared to other elevators? A. Just as cheap.

By the Chairman:

Q. Is it cheaper? A. I do not think you can operate it any cheaper.

By Mr. Fairchild:

Q. So the saving would be the interest on the investment and the insurance? A. Yes, sir; the insurance is a great item where you carry a lot of grain in your house; it is an immense item.

Q. With such an elevator would you think that grain could be

elevated at a profit for less than a quarter of a cent, if it could be operated at a profit by the old elevators at a quarter of a cent?

A. You get a great profit from storage in an elevator of that kind but you cannot lift the grain, transfer it any cheaper than any other elevator.

Q. But he has a saving in the interest on the investment? A. Yes, sir; that is right.

Q. Have you any other suggestions from your experience as a canal boat owner and elevator owner, that you would like to make to this Commission other than those you have made? A. There is one thing that would be a great benefit to the canal. There has been a combination of lines or men, whichever you want to call it, which takes freight from New York. They get a dollar a ton on an average and the canal boatmen only gets forty or fifty cents. Of course this speculator, who will furnish a dollar transportation, is a middleman and the consequence is that it is a great detriment to the business. He charges a margin, a higher rate, the canal does not get anything, he gets the profit.

Q. You heard what Mr. French said this morning as to the expenses they have to incur? A. That is all right what he says; I know a good many of these facts.

Q. You would not consider that the expenses, to which he referred, are as large an element as he seemed to consider it? A. He contracts the freight, as he claims, for seventy cents. There is a lot of first-class freight that he gets a dollar and forty or a dollar and fifty cents for.

By the Chairman:

Q. Does the boat get more for first-class than for second-class freight? A. Five cents or something like that; sometimes not as much.

By Commissioner Smith:

Q. Why wouldn't it pay the canal boatmen to get together and have their own agent? A. That is the proper way to do the business.

By Mr. Fairchild:

Q. Even then they would require sheds? A. Yes, sir.

By Commissioner Smith:

Q. You would require no greater facilities than you now have through these middlemen; you could use the same facilities? A. Yes, sir.

Q. And you would obtain the profits that those middlemen obtain? A. Yes, sir.

Q. Why don't the boatmen combine? A. They do not seem to. Take the New York Central, for instance, just as soon as a steamboat and a tow come in there, and they know the steamboat cannot afford to lie there, down goes the freight rate ten or fifteen cents a ton.

Q. That compels this boat to load up with less freight to get away? A. Yes, sir. Call them sharks, or a more gentlemanly name; they take advantage of these poor fellows and rob them.

Q. On the other hand, the boatmen will sometimes make an arrangement with these shippers at a certain rate, and if they find, by walking along the street, that the rate has gone up, they will not keep their agreement with the shipper? A. There may be certain classes of that kind.

Q. Are they not pretty frequent? A. If you charter a man's boat you can go to law and make him keep his agreement.

Q. Hasn't there been great trouble experienced by shippers in that respect? A. I do not think much.

By Mr. Fairchild:

Q. Would the only thing that the canal boatmen would require in New York be to have terminals with sheds built to receive merchandise? A. Yes, sir.

Q. Would the canal boatmen then combine and appoint an agent to remain and take charge of this freight? A. It is pretty hard to say what they would do. They ought to do that.

Q. Even if they had sheds they would have to have an agent? A. Yes, sir. Each line here has agents in New York and just

as soon as you cut the freight rate a little you would have to pay local prices in Buffalo, as much again.

Q. It really requires, no matter what the facilities are, a lake line in conjunction with the canal line? A. Yes, sir, but if you do it down below you could make the rate from Buffalo the same as they do from New York.

FRANK BEADLE.

FRANK BEADLE, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. Your name? A. Frank Beadle.

Q. Where do you live? A. Buffalo.

Q. Your occupation? A. Transportation.

By Mr. Fairchild:

Q. Do you forward freight that goes by canal? A. Yes, sir; own steamers that carry freight.

Q. Have you offices in New York? A. No, sir; only an agent there.

Q. You have an agent who attends to the west-bound freight? A. Gets the west-bound freight for the boats.

Q. Have you ever had the experience of carrying flour to New York? A. Yes, sir.

Q. Have you ever had any difficulties in New York in discharging the flour? A. Never could find any facilities there, only to lay and wait until the steamship was ready to take it.

Q. Have you ever attempted to discharge flour at what are known as the canal piers on the East River? A. No, sir; not lately. I did a few years ago.

Q. With what result? A. They drove me away from the pier.

Q. Who drove you away? A. The dock master.

By Commissioner Smith:

Q. On what ground? A. Drove me away; said they had rented those piers.

By Mr. Fairchild:

Q. Did they say who they had rented them to? A. The New York Central claimed they had control of one, the one on which I tried to put some flour.

By Commissioner Smith:

Q. That was the pier you were driven away from? A. Yes, sir.

By Mr. Fairchild:

Q. Did you ever take any steps to enforce what you deemed to be your rights to land at those piers? A. I did not.

Q. Were you involved in any suit attempting to enforce your rights? A. I was involved in a suit to get possession of a pier to land flour on; brought two suits a year ago last winter.

Q. Who did you sue? A. Brought it against the New York Central and Erie railroad first and then against the city officials, the dock commissioners.

Q. Were both of those suits tried? A. Yes, sir.

Q. Do you know before what judge? A. Judge Nelson.

Q. Did you ever appeal it? A. No, sir.

Q. Neither case? A. I did not.

By Commissioner Smith:

Q. What was the point in the decision? A. The decision was that the city of New York, as I understand, had a right to lease the canal piers.

By the Chairman:

Q. Upon what condition? A. I could not say as to that.

Q. Wasn't the condition that it should be Erie canal freight? A. We tried to get possession of the piers to carry Erie canal freight and they claimed to have a law that boats that loaded at railroad docks had a right to go to those piers.

Q. If my memory serves me correctly, the decision was that they employed barges and, therefore, were entitled to the same privilege? A. That was the decision, I think.

Q. Wasn't that the decision in your case? A. No, sir.

By Commissioner Smith:

Q. The law originally set aside that portion of the East River for the use of canal boats? A. From four to eight.

Q. Then they subsequently amended it so as to include in the privilege of those piers North River barges and, afterward, it was amended so there was no limitation as long as it was a North River barge? A. Yes, sir.

Q. As the law was originally you could have driven them out? A. Yes, sir.

Q. It was the change in the law which prevented your getting access to those piers? A. Yes, sir.

By Mr. Fairchild:

Q. Did you endeavor to drive them out or endeavor to, yourself, have the privilege of landing your freight at those piers? A. Well, I was connected with a western concern that was to supply the canal with 60,000 tons of flour a year. We could get no place in New York and that is what brought up those suits to get possession of those piers.

Q. And as a result of your failure in those suits you had to give up that business entirely? A. Yes, sir.

By the Chairman:

Q. You did not deliver the 60,000 tons? A. No, sir; only 20,000 or 25,000 barrels.

Q. What became of the balance? A. Never was carried out; the railroads got it.

By Commissioner Smith:

Q. You failed of your contract? A. Yes, sir.

Q. It was a contract that gave you an increasing amount of flour? A. Yes, sir.

Q. Do you think if the State of New York or the city of New York would put sheds on those piers on the North River, at Fifty-second street, that have, within the last few years been assigned for the use of canal boats, that a great deal of flour would be

carried? A. There might be there for storage capacity, but the right place to land this flour is piers four to eight.

Q. Would the construction of sheds on the piers I spoke of be helpful to the canal traffic? A. It would some.

Q. But not so much as in the East River? A. No, sir.

By the Chairman:

Q. Are you familiar with the situation in New York harbor?

A. Yes, sir.

Q. How would the East River do, Coenties Slip? A. That was the point we were fighting for.

Q. How about Corlears Hook? A. That would be rather too far up for the local trade. They want it along South street.

By Commissioner Smith:

Q. Below the bridge? A. Yes, sir.

By the Chairman:

Q. Why South street? A. It makes easy access to get flour transported around town.

Q. Have you ever heard of complaints being made by the shipping authorities that the canal boats are very much in the way, obstruct navigation right at that point? A. No, sir. They have been driven away from there over to the Atlantic dock when they laid out in the river where the railroad companies would have their barges. The canal boats coming down in tows would lay outside. The harbormaster would come along and if the railroad people wanted a barge in, he would say "Get out, go somewhere else."

Q. Where would you go? A. To the Erie basin or Atlantic basin; often had to do that and would have to pay towing charges on the boats for doing it.

Q. In your opinion no other place in New York is suitable for that kind of business but piers four to eight, East River? A. I do not think there is any better place from which to distribute flour.

By Commissioner Smith:

Q. It is a distributing center? A. Yes, sir.

By the Chairman:

Q. Up town, Fifty-second and Fifty-third streets, would not answer your business? A. It would not answer the business on account of the cartage and lighterage from there.

Q. Or the East River, foot of Fourteenth or Twenty-third streets? A. That would be too far up.

By Commissioner Shayne:

Q. If the Harlem river could be used to run through on the other side of the island, couldn't a portion of that be used? A. Yes, sir; for storage purposes, but for carting and lightering it would be a long distance to do it. The towing would be heavy unless you used lighters or steam canalers.

By Commissioner Smith:

Q. You would have to do a large business to make a profit? A. Yes, sir.

By Mr. Fairchild:

Q. The real reason, and the only reason why the canal boats have been in the way of navigation, as has been claimed down there, is because canal boats have not been permitted to go into the slips that the law says shall be set apart for canal boats? A. That is the true reason.

By the Chairman:

Q. What is your opinion as to the widening and deepening of the canal? A. I think that is the future of the commerce of the State of New York.

Q. You think it is absolutely necessary? A. I do.

Q. How large an appropriation would you favor for the State to make? A. Well, some of these engineers here, in their esti-

mates, think that \$12,000,000 would cover all, build new locks and deepen the canal.

Q. Twelve millions more? A. Yes, sir.

By Commissioner Smith:

Q. Would you advocate spending such a sum as that? A. I would.

By Mr. Fairchild:

Q. Would you consider that the widening of the locks alone would be a sufficient improvement? A. It would make a great difference in the time of the boats. The time between here and Rochester is much less than before the \$9,000,000 were spent.

By the Chairman:

Q. You mean the present improvement? A. Yes, sir.

By Commissioner Smith:

Q. How much total time is saved in the entire canal? A. Four years ago we were thinking if we got through the canal in ten days with a steamer and six boats we were doing well. Now to-day you can go in from six and a half to six and three-quarters days.

Q. Saving three days in running on the canal? A. Yes, sir.

By Mr. Fairchild:

Q. Would you say that that \$9,000,000 has been well expended? A. If it was all expended on the canal it would have been well spent. I do not think we got more than two-thirds of it.

By Commissioner Smith:

Q. Have you ever seen any evidence of waste yourself? A. Yes, sir; on the Macedon level.

Q. In what respect? A. In digging out they would put the earth just over the bank and by the next day it would all be back again and they would have to take it out. That made an expense of \$300,000. That was brought out in the investigation.

Q. You are familiar with the manner in which they started in to do the work? A. Yes, sir.

Q. They started in to do it as cheaply as possible? A. Yes, sir.

Q. They found that the condition of the bottom of the canal on that level could not be repaired in the way they started in to do it? A. It could have been done if they had removed the earth from the bank.

Q. They dug a canal outside of the bank afterward? A. They had to.

Q. Did you think that was an improper expenditure? A. I think it was an unnecessary expenditure.

Q. To dig that canal? A. I do.

Q. How would you relieve that pressure? A. Remove this earth they took out and put it away back from where they dug this canal. I visited that section twice.

By Mr. Fairchild:

Q. You heard the testimony that was given here regarding the boats that prior to the improvement were lost just near Buffalo here, that were sunk? A. Here three years ago there was hardly a week we would not have one or more boats sunk. We have not had a boat sunk or damaged since.

Q. Is there one place on the canal, at some time preceding the improvement of the canal, where a stone wall was built upon a wooden structure beneath? A. We had one right down here.

Q. And that gave away? A. Yes, sir.

Q. That required the use of a large sum of money out of that \$9,000,000 expenditure to make good? A. Yes, sir. I think there was a large amount of this wall that was down here where there was as much money made in rebuilding it. They went to work and blasted right up close to it; threw it down. It looked that way to me.

GORDON W. HALL.

GORDON W. HALL, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. Gordon W. Hall.

Q. Where do you live? A. Lockport.

Q. Your occupation? A. My occupation has been the building and now the repairing of canal boats.

Q. You are a builder of canal boats? A. Yes, sir.

By the Chairman:

Q. How long has your occupation been that of constructing steamboats? A. About twenty years.

Q. Have you resided in Lockport all of the time? A. No, sir. I say twenty years, that is, I have reference to building on my own hook; I built canal boats for other people before that time.

Q. Have you found any greater demand in the past two years for canal boats? A. The last boat I built was in 1894; that was the last offer I have had for a steam canal boat.

Q. Were you ever a resident of New York city? A. Well, not permanently. I have been there a great deal.

Q. Were you ever in the lighterage business in New York city? A. I own boats that I hire to the railroad companies to lighter for those people.

Q. How many boats do you own that are employed by the railroad company? A. Speaking from memory, perhaps half a dozen steam canal boats; I mean steam lighters.

Q. They are operated in New York harbor? A. With all the derricks and all the apparatus for handling package freight.

Q. For what length of time did they operate in New York harbor and in what years? A. It was usually winters. In 1889-1890 was the first. I built one and went down there and leased it to the Central railroad.

Q. That business of lightering for the railroads continued for what length of time after that? A. It lasted generally through the winter and sometimes it lasted through part of the next summer.

Q. For how many years? A. Ten years.

Q. Are your boats still engaged in that business? A. I am still the owner of some canal boats.

Q. That are being used as lighters for the railroads in New York harbor? A. Yes, sir.

Q. Who pays the expenses of the lighter in operating? A. I would not be posted in that. We charter to the railroad company and the lighterage company and they do their own business.

By Commissioner Smith:

Q. Navigate the boat? A. We navigate the boat.

By Mr. Fairchild:

Q. You pay the expense of navigating the boat? A. Yes, sir.

Q. You are familiar with the total expense of navigating the boats for that service? A. Yes, sir.

Q. You are familiar with the class of freight that is lightered by those boats? A. Yes, sir.

Q. Can you give this Commission any facts throwing light upon the expense of the lightering compared to the charge of the railroad for lightering of three cents per 100 pounds? A. Well, they kept us on little jags of a carload or half a carload simply because they hired us cheaper; they paid us eighteen dollars a day for a lighter boat that was capable of handling anywhere from ten to 250 tons to a load. They kept us on little work that they could not afford to put the larger lighters into and it was a great anxiety to find out whether we did earn the money they got for lightering. Every month we figured up with Mr. Douglass and some months we made some money for them. Sometimes we would be behind. I remember one time it cost sixty-four cents a ton for the month because they kept us on little light merchandise. We never could compare with the cargoes that they loaded a lighter right down with and put off at one place.

Q. For what length of time did you work with Mr. Douglass? A. I think we were with him about seven months the first year and other times since then. I have not kept any track of it.

Q. During the whole of that seven months you did keep close track of it and figured it out? A. Yes, sir; almost every month, we figured it up. They kept it themselves. We knew what we did and we compared it.

Q. Take the whole seven months; was there a profit on that

class of freight? A. Yes, sir; we gained quite a profit; but understand they did not give us such a kind of work as they did their own lighters and larger barges, but kept us on little work they could not afford to put on their large lighters.

Q. And as to that class of freight, during the seven months, you are now able to testify that there was a profit made and a substantial profit? A. In the main there was a profit.

Q. Do you recall how much of a profit? A. I think the average cost was fifty cents a ton and they got sixty cents.

By Commissioner Smith:

Q. That was the actual cost to them? A. To them. They paid us eighteen dollars a day and it only cost five or six dollars a day to run our boat.

Q. You did business enough to earn fifty cents a ton? A. We did business enough so that the expense to them was fifty cents a ton and they got sixty.

Q. Paying you eighteen dollars a day the expense was fifty cents a ton? A. At that time they paid us fifteen dollars a day and furnished us with coal, which amounted to eighteen dollars a day.

By Mr. Fairchild:

Q. Then, with the kind of freight that you handled, there was a profit of about thirteen dollars a day to your boat that you received? A. Yes, sir.

Q. And in addition, a profit of ten cents a ton, on an average during the seven months, that the railroad received? A. Yes, sir.

By the Chairman:

Q. Who owned the boat? A. I owned it.

Q. So there was no wear or tear to the railroad? A. No, sir.

Q. That went on your account? A. Yes, sir.

Q. The ten cents a ton was a clean profit to them? A. Yes, sir. Do not understand that I am accurate about that; that is my memory.

By Commissioner Smith:

Q. You must have handled on the average thirty-six tons a day to make the fifty cents a ton to them? A. Sometimes we would get two, sometimes three, sometimes half a carload.

Q. Did I understand you to say that the highest expense was sixty-four cents a ton for your handling? A. That was the greatest expense. That was when we earned them the least; we did not earn them quite what they paid us.

Q. That was because you did so very little for them? A. That was because the stuff we delivered was made up of such small articles.

By Mr. Fairchild:

Q. That was only for a temporary period? A. Yes, sir.

Q. And the whole seven months showed a profit of ten cents a ton? A. Yes, sir.

By Commissioner Smith:

Q. Did you get pretty familiar with the way they handled their lighterage business? A. Yes, sir.

Q. Did you find that any of the boats that operated in the harbor did less business than your boats? A. They did very much more.

Q. Were there any that they owned that did less? A. I don't know.

Q. Would you know if there were? A. Yes, sir.

Q. They all did a considerable amount of business all the while? A. They loaded their barges right down full as a general thing, which, if they would do with us, instead of going up to sixty-four cents a ton, we would have done it for fifteen cents a ton.

Q. You think that is what they operated their own barges for? A. Yes, sir.

By the Chairman:

Q. You are a practical boat builder? A. Yes, sir.

Q. And understand the capacity of boats? A. Yes, sir.

Q. And what is necessary to handle them, the cost, the expense?

A. Yes, sir.

Q. What in your opinion—how low could you handle freight for in New York harbor, that is, lighterage, taking it coming and going, the average—how low could you do it and make a profit and come out right? A. I should put it about fifteen cents a ton on an average.

Q. And the present charge is how much? A. Sixty cents a ton.

By Commissioner Smith:

Q. You think the charge is about four times as great as it ought to be to make a profit? A. I would have to modify that a little because their lighters are very much more expensive than ours. Our lighters are worth about \$6,000, all complete, six or seven thousand, you might call it \$8,000 for a first-class one, while theirs would be worth twenty or twenty-two, twenty-three or twenty-four thousand. We could handle it cheaper than they could.

Q. Were your vessels not adapted to the same form of business that they had to do? A. No, sir; we could do anything they did, unless it might have been some very heavy pieces of machinery.

Q. You can not recall anything they did that you could not have done? A. No, sir.

By Commissioner Shayne:

Q. You would make a big profit at twenty-five cents a ton? A. Yes.

Q. And they charge sixty cents a ton? A. Yes, sir.

By the Chairman:

Q. Where were you located in New York? A. Understand I have been a boat builder all this time. I built and owned the boats before they were sold. When they were sold I would go to New York and attend to the business.

Q. Where was your boat that you speak of? A. Our agent down there was at the foot of Broad street, near Broad and South streets, generally Taylor & Lawrence's.

Q. Was there any limit as to the distance you would lighter the goods at a given price? A. We had certain bounds that we lightered in; we went wherever they sent us.

Q. Have these boundaries been enlarged since, do you know? A. I could not say that; I hardly think they have. We used to take it away up into Harlem and down around into Brooklyn, Gowanus and almost all over the whole city of New York.

By Commissioner Smith:

Q. Wherever their own barges went? A. Yes, sir.

By the Chairman:

Q. You said that their barges were so much more expensive and took more men to handle them? A. Yes, sir; they had more men than we did.

Q. Then you think that their expense would be larger; that they could not handle the freight at your price? A. We could handle the freight cheaper than they could from the fact that our crew was less, our running expenses were less and the cost of our lighter was less.

Q. Then in your opinion as a practical man, what would their expense be with such freights as they have? A. In round numbers I would put it at twenty cents a ton on an average. They go right to their docks and put on 150 or 200 tons and unload it all at one place. We might go to half a dozen places.

Q. In fact in your opinion you would be able to do that for one-third of what the charges are now? A. We have done it.

Q. And do it at a profit? A. Yes, sir.

By Commissioner Smith:

Q. As a matter of fact your steam canal boats are built of a size to conform to the size of the locks in the Erie canal? A. A little less than a hundred feet long; a little less than eighteen feet beam.

Q. If you were building lighters just for the business in New York harbor, would you have built them as large and expensive as they did? A. No, sir.

Q. You think your boat was more economically adapted to the business than the vessels they had in use? A. Yes, sir.

By Mr. Fairchild:

Q. You heard Mr. Douglass testify here yesterday? A. Yes, sir.

Q. You heard him testify that as to freight in bulk they did receive a profit, but that on odd lots they did not? A. I did.

Q. And those odd lots are the ones you referred to as being the class of freight you carried for him? A. It came to my mind immediately that that was just what they employed us for.

By Commissioner Smith:

Q. Can you tell us the names of others who did the same class of business that you did? A. Yes, sir. There was a boat owned by a man named Charles Hamilton, of Brooklyn.

Q. Just name the people who owned boats? A. There was the C. L. Haynes, owned by Charles Castle.

Q. Where could Mr. Castle be found, do you think? A. He is pretty generally being employed by the Lehigh Valley Railroad.

Q. If you wanted to write to him, where would you do it, care of the Lehigh Valley Railroad? A. I think I would write, care of Taylor & Lawrence, 129 Broad street.

Q. They could tell where he was? A. They would know where he was.

Q. Any others? A. If I had time I could recall a good many of them.

Q. Will you just write to us and give us the names of the others? A. Yes, sir. I can give you the names of a good many if I have time to think them up.

By Mr. Fairchild:

Q. You know the railroads in New York's port are still doing that business in the same way, that odd package business? A. Yes, sir; it is being done in the same way.

By Commissioner Smith:

Q. They have to call in boats from time to time to help them out on the lighterage business? A. They did the winter I worked for Mr. Douglass. They had half a dozen outside men.

JAMES J. H. BROWN.

JAMES J. H. BROWN, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. Your name? A. James J. H. Brown.

Q. Where do you live? A. Buffalo.

Q. Your business? A. Vessel agent.

By Mr. Fairchild:

Q. Lake vessels? A. Yes, sir.

Q. Any particular line? A. No, what are generally called tramp steamers. We take the place of the owners here in looking after their business in this port.

Q. Then the vessels that you represent are competitors to what are known as the rail lines? A. They are.

Q. You have had occasion to notice the class of freight that arrives by these lines at Buffalo and the manner in which the freight is shipped from Buffalo? A. Not having any special interest in it, I have paid no attention to it. They carry more or less grain, these line boats do, and in that we compete with them and in that only.

Q. To what extent do you carry package freight? A. We do not carry it at all except occasionally we charter a boat to one of the railroad lines for a trip or so.

Q. You carry grain largely? A. Principally grain.

Q. You have had occasion to observe the extent to which the grain traffic on the canal has fallen off in recent years? A. I have noticed that the shipments by canal have been very much reduced of late years.

Q. Will you give the Commission the benefit of your observa-

tions and your opinion regarding the causes for that? A. Why the cause seems to me to be that the railroads carry it cheaper, or offer advantages that offsets the lower prices the canal might carry it for. I have no means of knowing just what rates the railroads get, but I do know they carry a larger proportion of the grain from year to year.

Q. That has been the result of great improvements on the railroads, enabling them to reduce rates? A. I should think so.

Q. And during those years where the railroads have been progressing with greater capacity of cars, more proper locomotives and better roadbeds, the canal has been somewhat at a standstill? A. I only know the condition of the canal from hearsay. I should judge that was the case.

Q. Would you consider that an improvement of the canal that would enable canal boats carrying 25,000 bushels would restore to the canal a substantial part of the grain trade? A. I cannot say what the effect would be in that respect, but they certainly could carry very much cheaper in a larger boat.

Q. Than they do now? A. Yes, sir.

Q. Do you think they could carry it cheaper than the railroads with such larger boats? A. I have no means of getting at the facts. I know on the lakes freights have been cheapened very much and vessels still make money, but we are using larger vessels. The old style vessels that were in use twenty-five years ago are useless now in the grain trade and in the ore trade.

Q. Do you know what the general sentiment of those interested in the lake vessels regarding the improvement of the canal is? A. But very few vessels are owned in Buffalo and vessel owners do not generally pay much attention to the canal.

By the Chairman:

Q. You mean lake vessels? A. The owners of lake vessels pay very little attention to the canal.

By Mr. Fairchild:

Q. Or their representatives? A. No, sir.

Q. Have you any opinion regarding the effect upon New York's commerce, what effect the improvement of the canal would have upon New York's commerce? A. I should say it would tend to increase the business by the canal and to that extent the port of New York would be benefited.

Q. But whether there is a sentiment or opinion among the representatives of vessel owners you are not prepared to state? A. I do not think they have given the matter much thought; it is not discussed much.

Q. What is the principal reason, aside from the freight rates, if any exist here in Buffalo, why grain coming on your vessels is not transferred to canal boats? A. I do not know of any other reason. There may be other reasons but I do not know what they are.

Q. Your vessels have had grain transferred to the canal boats by these stationary towers? A. Yes, sir; they have.

Q. And that is no longer done? A. It is not this season.

Q. What is the reason for that, would you say? A. Well, I have not looked into it. I only know that none of those elevators are in operation this season.

Q. Wouldn't you say that the inability to secure canal boats in sufficient numbers to discharge entirely your vessel would be an important reason? A. That is a matter that does not concern us particularly. It is the consignee's business to find a place for the grain. We do not trouble ourselves much to look up the reason why we do not deliver to canal boat.

Q. Was it not a fact that a few years ago the consignees were able to arrange for a large number of boats to come to your vessels and receive a full discharge of the grain on your vessels? A. They did do it.

Q. That condition no longer prevails? A. Whether they were unable to get canal boats or not I do not know. I know we do not discharge but a very small proportion of the grain coming here to canal boats.

Q. Would you not say that canal boats of sufficient size, to receive the whole of the grain coming on your boats, would have

a tendency to attract grain from your vessels to the canal boats?

A. In a general way, I should say that would be the case but we do not care whether grain goes by rail or canal. It is a matter of no concern whatever to us.

L. T. SMITH.

L. T. SMITH, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. Your name? A. L. T. Smith.

Q. You live where? A. Buffalo.

Q. What is your business? A. Canal commission shipping business.

By Mr. Fairchild:

Q. How long have you been in that business? A. Thirty years.

Q. You have been over the canal a good deal? A. Yes, sir.

Q. You know its condition? A. Yes, sir.

Q. You know its present condition and its condition prior to the recent improvement? A. Yes, sir.

Q. You are familiar with the discussion regarding further improvement of the canal? A. Yes, sir.

Q. Will you give the Commission the benefit of your observation regarding the improvement that has been made and the improvement that is to be made, as to its effect upon the commerce of the canal? A. My observation in reference to the improvements already made, I think the improvements from here to Lockport have been very great, from the fact that our canal was in bad condition from the shoals from here to Black Rock, particularly when the winds would blow up the lake, which would lower the water a foot or two and it would be impossible to get down the canal. Sometimes we had to go down into the harbor and down into the river. In blasting out this rock between here and Black Rock, and at Lockport, it has made a very great improvement in the canal, so that there is no danger at any time

now in running a boatload of grain from Buffalo right out through the canal. They can go in all safety in any kind of weather, whether the wind is blowing up or down the lake. That is a very great improvement. I understand that a great improvement has been made on the Montezuma level where the eel grass retarded the movement of boats. I have only been over this work from here down through the harbor and I think that this work, from what I hear, is of as much importance as all the rest of the work that has been done to facilitate the commerce of the canal so far. Of course the work that has been done, so far as the deepening of the canal is concerned, in different places outside of the harbor of Buffalo, is not of very much importance outside of the level that Mr. Beadle spoke of as the Macedon level, where they have deepened it. Of course the boats will run a little easier in such places, the more water under the boat the easier it will run, perhaps a mile an hour faster. If there was two feet under the boat, which the Seymour plan calls for, nine feet of water, when the canal is deepened, it would be, of course a very great advantage in the running of the boat. Of course, speed on the canal, with the present width of the canal, outside of, I should say, three and a half or possibly four miles an hour, is out of the question. That is, putting a boat down near the bottom of the canal, in a narrow prism, with a tow of boats, you can not get a great amount of speed. As Mr. Beadle says, what they have done already has lessened the time about two or two and a half days between here and Albany. I think that is all that it would be possible to do at the present time with the width of the canal. Speaking about the increase of the capacity of the canal, which I consider all important to save the commerce to the State and city of New York, nothing will save it outside of increased capacity, very largely, of the boats, which only can be had by enlarging the locks. The plan that they are talking about, of enlarging the locks to 260 or 265 feet in length and twenty-five or twenty-six feet in width, I think, is practical and the only thing that will give us a boat on the canal that will retain business to the canal. It is not a ques-

tion of the route of the Erie canal, but it is a question of the Canadian route and the rail routes south of us, Newport News, Baltimore, Boston, and those ports that are drawing from this route.

By Commissioner Smith:

Q. You can only increase the business by reducing the rate?

A. Yes, sir, and we can only reduce the rate by the increased capacity of the boat. It costs us, with our present size of boat of 8,000 bushels capacity, actual cost probably as nearly as you can figure it, two and a half cents a bushel, to say nothing of depreciation of property, insurance, interest on money or any profit in any way to the captain or boats. That is including forty or fifty cents a ton up freight and there is no profit in that. Of course if we had a boat with double the capacity it would cost no more to manage it with 16,000 bushels than it would with 8,000 bushels. Of course, we could then cut the freight to two cents instead of three cents. Our commerce at Buffalo has largely increased for the past number of years. In 1896 we received 163,000,000 bushels of grain at Buffalo. That year we had a uniform price for canal freights. We had an association of boatmen organized. We have a uniform price, canal freights were three and three and a quarter cents per bushel. We maintained that price from May until November and moved by canal, in that year, 36,000,000 bushels out of 163,000,000 bushels received here. In 1897 there was received here 223,000,000 or 224,000,000 bushels and the canal carried about 23,000,000 bushels of it. The canal then had no stated price as they have not to-day. The same result was the case last year when we received about 224,000,000 bushels at the port of Buffalo and we only carried by canal 24,000,000 bushels, with no price, the price all the way from two and an eighth up to three cents.

Q. Because of a lack of organization among the boatmen? A. Because of a lack of organization. There is no organization, no system of doing business. You might say the boatmen are afraid both on the other end of the route as on this end. They are

individual men and these men that receive and do the business here now do it for what they get out of that part of the business. The object of our organization in 1896 was for protection, not for the extortion of higher rates. There is the trouble. These New York lines that connect with the lake lines use canal boats to connect with the lake lines. It is a lack of organization; it is nothing else.

By Mr. Fairchild:

Q. Your recommendation would be the improvement and widening of the locks? A. Why, certainly.

Q. And you would also consider it an important element to arrange for appropriate terminals in Buffalo and New York? A. Yes, sir. I should say that if the city of Buffalo, also the city of New York, was looking out for their best interests, it should have been done years ago, but it is simply a lack of people doing what should be done. Of course, the roads are heading off all they can.

PHILOS G. COOK.

PHILOS G. COOK, recalled:

By the Chairman:

Mr. Cook tells me he has heard from some others, including Mr. Douglass. That Mr. Douglass has answered "Go ahead" and that, therefore, he feels sure, or very confident at least, that he can have the permission of all by to-morrow at 10 o'clock. As we have now only about fifteen minutes, I would suggest that we excuse Mr. Cook until to-morrow morning at 10 o'clock.

NILES CASE.

NILES CASE, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. What is your name? A. Niles Case.

Q. Where do you live? A. Buffalo.

Q. What business are you in? A. Canal business.

Q. What testimony do you wish to give in reference to the canal? Some suggestions you have to make? A. Not any that I know of particularly.

By Mr. Fairchild:

Q. How long have you been in the canal business? A. Probably sixty-five years, I don't know exactly. I was in the canal business before there was a mile of railroad in the State of New York.

Q. You have had occasion to know the condition of the canal prior to the recent improvement? A. Yes, sir.

Q. And you know its condition now? A. I know it very well, yes, sir.

Q. Your attention has been called to the proposition to improve the canal by widening the locks? A. Oh, yes.

Q. Widening the locks, as has been proposed, would admit of a canal boat carrying 25,000 bushels, would it? A. Well, that I don't know. I can't say that. I will say when the canal was enlarged to the present size, the locks were enlarged at the same time and I supposed that the locks then were built according to the size of the canal.

Q. If the canal locks were widened to a sufficient extent to admit a canal boat that would carry 25,000 bushels of grain, would you consider the prism of the canal to be sufficient in width for such a boat? A. Not at all; that is my opinion.

Q. Two of such boats, with the present width of the prism, could pass each other, except at certain points? A. I don't think they could pass hardly at points, that is, could not and run to any advantage. The size of the canal is not big enough for a boat of that size; entirely improper.

Q. Why? A. Because there is not space enough, width enough.

Q. What are the reasons that it would require a greater width for a twenty-five foot boat than it would for an eighteen foot boat? A. It would be quite a difference.

Q. What is the width of the canal now, seventy feet about on the surface? A. Yes, sir; on the surface it is.

Q. And fifty-six feet on the bottom? A. That is about it.

Q. Two boats twenty-five feet wide could pass each other in a prism seventy feet wide? A. They could not and make any time.

Q. As they could pass each other, what are the reasons why a twenty-five foot boat could not run in a seventy foot prism? A. Because there is not water enough to give them a chance to run as they should run. You could lengthen your boats and they could run in the present canal. I would like to see the canal improved. We have got the best canal we ever have had. With this \$9,000,000, probably a good deal of it has been wasted, which has been spent, we have a canal that is clear ahead of anything we ever had before. Go on and improve it and you will have a grand canal.

Q. You would consider that if the locks were widened that that should be only as one step toward the completion of the whole general improvement? A. What improvement do you mean?

Q. For widening the prism of the canal? A. If they widen the prism.

Q. Widening the locks you would consider one step and the next step widening the prism? A. Yes, sir. We have got large aqueducts, and small ones, any quantity of aqueducts on the canal; the first wide aqueduct we have got is at Rochester crossing the river there. That is about forty feet wide. Large boats could not pass one another around turns. They could not run to any advantage. If locks could be widened I think they could get along with boats twenty feet wide, but if they tear up the locks for which money has been spent, if they widen the canal, they have got to tear them all up. I am as strongly in favor of an improvement of the canal as anybody.

By Commissioner Shayne:

Q. You want it done right? A. I want it done right. I do not want to do a thing that is impracticable.

By Mr. Fairchild:

Q. How wide is the aqueduct at Rochester? A. I believe it is about fifty feet.

Q. Sixty-two feet, isn't it? A. About fifty.

Q. Isn't it sixty-two at Rochester? A. No, fifty. There is one at Montezuma. There is another large aqueduct four miles below Schenectady, crossing the Mohawk. Boats cross there, run twelve miles, and cross back at Crescent. Boats twenty-five feet wide are entirely improper, impracticable, for the present size of the canal.

Q. Except up to a certain limited speed? A. They can not pass to any advantage. Now we have got what is called a high embankment down below Pittsford, ten or twelve miles below Rochester, a mile long or more, 100 or 150 feet in places, and boats of twenty-five feet could not meet there. I would like to see the canal improved. I have been on it all my lifetime.

By Commissioner Smith:

Q. There is an engineering rule that governs the size of a prism? A. I don't know anything about that. They are the proper men to show what the width of the boats should be.

Q. I have been told that engineers have said that the proposed widening of the locks would admit of boats that could properly navigate the canals? A. I have had a number of engineers, have been on the canal with them. Mr. Adams was one of them. He did not propose to widen the locks any.

Q. Do you know of any engineer with whom you have talked? A. Yes, sir.

Q. Could you name him? A. Chief Inspector Tubbs. He came here expressly to see me. He wanted to consult me in this very matter. He said he was going to write an article to send to the Board.

Q. He told you he was opposed to the widening of the locks without widening the prism? A. He told me and agreed with me exactly. He said, "I agree with you exactly."

Q. Did he say what size in width the canal prism should be to conform to such width of locks? A. No, sir.

Q. Have you heard any engineer say? A. I have heard them say, the engineers I have heard talk say the canal is not the

proper width for boats twenty-five feet wide. It was not built for that. There is no question in my mind about that. I have been on the canal all my lifetime. I have boats running and I am anxious to get improvements in the canal, but I do not like to see a lot of people making fools of themselves.

Commission here adjourned to meet at ten o'clock a. m., July 29th, 1899.

BUFFALO, *July 29, 1899.*

A hearing of the New York Commerce Commission was this day, July 29, 1899, held in the rooms of the Board of Trade, in the city of Buffalo, New York.

Present: Hon. Charles A. Schieren, Chairman; Hon. C. C. Shayne, and Hon. Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman called the Commission to order at 10.15 a. m.

GEORGE H. RAYMOND.

GEORGE H. RAYMOND, recalled, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. George H. Raymond.

Q. Where do you live? A. Buffalo.

Q. What is your business? A. Manager of the Raymond elevator.

By Mr. Fairchild:

Q. That elevator has no storage capacity? A. No, sir.

Q. It consists of two elevator towers? A. Yes, sir.

Q. They have been used exclusively for canal grain? A. They have.

Q. Are they used now? A. They are ready for use.

Q. Are they in use? A. They are not; no, sir.

Q. How long since they have been used? A. About the first day of June, I think.

Q. This year? A. Yes, sir; 1899.

Q. Before they closed on the 1st day of June, did they do any amount of work this year? A. A trifle; about 300,000 bushels.

Q. How much work did they do in 1897? A. About 6,500,000 through one tower.

Q. When did you build the second tower? A. In the fall of 1897; the winter of 1897-1898.

Q. It was the extent of the business that you were doing with one tower that led you to build the second tower? A. Yes, sir.

Q. And now do you expect to have occasion to use them again? A. I am afraid not.

Q. What were the changed conditions that would make that business so profitable as to induce you to build a new tower while now you are doing no business at all. A. There were two reasons. The fact that the pool elevators charge half a cent a bushel on rail grain and in most cases make no charges for the elevation of canal grain, leaving, of course, no profit for canal elevators to operate and, second, the fact of there being no combination of canal boatmen making possible a steady supply of canal boats to relieve the vessels as they arrive.

Q. With the present capacity of the canal boats, how many do you require to discharge a vessel of the size that now arrives at Buffalo? A. From ten to thirty boats.

Q. What difference in that situation could be made by an enlarged canal, allowing boats of sufficient capacity to carry 25,000 bushels? A. To discharge the same vessels it would require practically one-third the number of boats.

Q. Under the present conditions it is impossible to get a sufficient number of boats and, therefore, your towers are not able to work? A. Yes, sir.

Q. Under such new conditions of 25,000-bushel boats you would then be able to operate? A. Yes, sir; I think so.

Q. Are you familiar with the condition of the Erie canal? A. Well, somewhat; yes, sir.

Q. Are you familiar with the improvements that have been made as a result of the nine million dollar appropriation? A. I know considerable about it; yes, sir.

Q. Will you explain to what extent the improvements have been made as a result of that nine million-dollar expenditure, where they have been made and how fully the canal has received the benefit of the nine million dollar expenditure? A. You mean in the vicinity of Buffalo?

Q. In the vicinity of Buffalo and all along the line to the extent that you know. A. For many years canal boats leaving the port of Buffalo have been seriously delayed by reason of the very shallow depth of water between Buffalo and Lockport. When the wind blew from the east there have been times, previous to the expenditure of the \$9,000,000, that canal boats could not leave this port for a week at a time. In seeking to leave Buffalo at such times canal boats would start taking the chances of striking on the bottom and the result has been that, on an average, I should think there was nearly, perhaps not quite, pretty nearly one boat every week during the season of navigation sunk between Erie street and Lockport, principally between Erie street and the foot of Ferry street. There was one night that there were four canal boats sunk between Erie street and Ferry street and the loss in such cases of sinking would run from two to four and five thousand dollars, the reason being that there was not sufficient water in the canal, not sufficient depth in the canal to make it possible to retain water enough to float the boats when the wind moved the large portion up the lakes. The expenditures under the nine million-dollar appropriation have so increased the depth between Buffalo and Lockport that since that expenditure there has never been one moment's delay in the movement of a boat out of Buffalo and there has never been a boat sunk between Buffalo and Lockport, due to any fault with the water.

Q. Are you familiar with the result of the expenditures at any other point? A. All I know is what prominent canal boatmen have told me, which is that there has been a large saving in time across many of the levels. There was one level, I think it was the Macedon level, where it used to take them eighteen hours. I think they go now in about six hours.

Q. Do you know the difference in the time in the whole trip on

the canal as compared to what it was before the improvement?

A. I should think the reduction was from twenty-five to thirty-three per cent. in the movement through the canal of steamboats.

Q. Do you know of any expenditures made from the \$9,000,000 for work resulting from bad construction of the canal that was not in contemplation at the time of the nine million-dollar appropriation? A. I know a number of such cases.

Q. Will you explain what they were? A. After the water was drawn from the canal there were many places discovered where there had apparently in years gone by been an unbalanced bid for the canal work, the contractor using a small amount of timber on the bottom and rock above, leaving a space of from one to two feet between the rock of the canal bank and the rock of the bottom. In most of such cases, when the necessary blasting was done under the nine million-dollar appropriation, the timber, having laid there so many years, was by the jar simply undermined and slid into the canal. That happened in a half a dozen places, I should say, through the city of Buffalo and the result was that large stretches from 100 to 200 feet in a place fell into the canal. It was necessary that those obstructions be removed, otherwise the canal could not be operated at all and those repairs were made, I believe, outside of the real purpose of the nine million-dollar act, but were absolutely necessary and unavoidable. As a further illustration it was necessary to drive a row of piles and put in sheet piling all the way from Commercial street to Erie street in the city of Buffalo, on both sides of the canal. It was necessary to rebuild both abutments of the Erie Street bridge and it was necessary to rebuild both abutments of the Genesee Street bridge. It was necessary in order to prevent buildings contiguous to the canal at Erie street falling into the canal to put long retaining walls and build new walls. Those propositions could be enumerated almost without number. At Brockport I made an examination of the canal and found that, by reason of there being so many buildings located on the blue line, that in making the excavations to secure the nine feet of water under the nine million-dollar act, it was necessary to pro-

tect for a very long distance, I think through Brockport nearly a mile was protected by sheet piling of a very expensive kind in order to keep those buildings from falling into the canal. The bottom of the canal there was quicksand and had the excavation been made without the sheet piling, those buildings would all have gone in. There was more than a mile of the canal at Brockport fell in the same as in Buffalo.

Q. Have you read Mr. Hewitt's article? A. I have not read it carefully.

Q. You know that he suggested in that article that the canal is of no further use? A. Yes, sir; I am sorry to say he does.

Q. What do you think would be the effect upon the elevator interests in Buffalo if the canal should be closed? A. In my judgment the elevator property of the city of Buffalo, the value of it, would be practically wiped out if the canal was closed. The reasons in my judgment are these. I was told by the railroad managers in the spring, some of them, that there was a grave doubt in their minds whether it was not a wise policy in the future to make no charge for elevation at the port of Buffalo. This was necessitated by the competition of other railroads. The pool has been formed on the basis of a half a cent a bushel for elevation, although some of the leading railroads held out for a quarter of a cent a bushel for elevation. The next step will be certainly one-quarter of a cent, and I would not be surprised if next year there was no charge made for elevation at the port of Buffalo on rail grain, which would seem to be a fair proposition because there is no more reason in fact for a charge to be made for elevation than there is for the use of the truck which runs the flour from the vessel into the warehouse. If, therefore, the canal was closed the few railroad elevators, those elevators owned by the railroads, would be used by the railroads the same as they would use a bridge or any other similar necessity of a railroad and all the remaining elevators of Buffalo would be practically, in my judgment, absolutely ruined. There would be no place for them to be used that would return them one cent on their valuation. They could not use the canal if there was no canal, and they would not be needed in the railroad business.

Q. In the paper that you read the other day you made some reference to the iron industry; what would be the effect of the closing of the canal as to the iron industry in New York? A. The closing of the canal in my judgment would absolutely prevent any growth in the iron and steel traffic at the port of New York, the reason being this: Mr. Carnegie, at a banquet in Pittsburgh, stated that Pittsburgh could produce steel and iron cheaper than any place in the world, but further stated that the whole proposition rested on the question of freights, stating that a difference of ten cents a ton made on his output \$250,000 a year. If, therefore, the canal were closed it would prevent those industries now located at Buffalo in the manufacture of pig iron, and those industries that are projected, from moving their manufactured articles to New York for as low a rate, at least no lower, than is now done from Pittsburgh. Therefore there would be no additional growth for New York in ship building and general manufacture, which must certainly come by reason of Buffalo being able to produce pig iron, and will be able to produce steel and ship it to New York through the canal at a rate which is at present much lower than the rate from Pittsburgh to New York. Buffalo would always be handicapped by her coal, but if we had a canal to overbalance the coal we would always lay down iron and steel, either in pigs or manufactured, for a less price than it could be done from Pittsburgh. It would build up Philadelphia at the expense of New York if the canals were abandoned. Of course I do not pretend to know; it is simply my judgment.

CHARLES F. STERNBERG (recalled).

CHARLES F. STERNBERG reappeared before the Commission and stated as follows: I want to correct an erroneous impression published in one of the papers here at Buffalo. It is headed "Pool Would Destroy Canal Elevators." I suppose the Western Elevating Association is meant. The Chairman asked me the question, "What the Commission wants to know is, was the new pool formed to do away with the canal elevators?" My

answer is given in this paper as "I think so." I did not say so in any such connection whatever. As we all know, the Western Elevating Association is strongly in favor of canal elevators. They are doing a large canal business and I am doing business with them daily. It is only the deadwood outside of the pool. They could do away with them and do the business themselves. That is the position I want to stand in. The Western Elevating Association is friendly to the canal. Mr. Cook, in his testimony, intimated that parties had said it was detrimental to the canal interests. That was erroneous. I gave no such testimony.

By the Chairman:

Q. If you left such an impression you want to correct it? A. Yes, sir; that is why I come before the Commission to-day.

The Chairman advised the gentlemen of the press of the desire of the witness to be corrected, after which a recess was taken for fifteen minutes.

FRANK B. BAIRD.

FRANK B. BAIRD, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. Your name? A. Frank B. Baird.

Q. Where do you live? A. Buffalo.

Q. What business are you in here? A. I am an iron manufacturer.

By Mr. Fairchild:

Q. How long have you been in that business? A. I built a furnace in Ohio in 1876; before that for six years I had been opening mines in Ohio, iron ore mines, and shipping the ore to other furnaces. Since then I have been continuously in the iron business.

Q. For how long a time previous to 1876 had you been interested in iron ore mines? A. For six years. Immediately after I left college I went to the iron ore mines belonging to my father and took charge of them.

By Commissioner Smith:

Q. Devoted your whole life to the business? A. Yes, sir.

By Mr. Fairchild:

Q. Your father then was an iron man before you? A. My father was an iron man and my grandfather built the first furnace in West Union, Adams county, Ohio, in 1819.

Q. Are you familiar with the different iron ore properties in this country? A. I am, yes, sir; reasonably well posted.

Q. Then you are familiar with the iron ore properties in the northwest? A. I have made quite a number of trips there and have visited most of the mines.

Q. Will you please explain the States in which they are located, the extent of the iron deposits, the nature of the ore and give the geography of the situation as to Northwest ore? A. When the manufacture of iron first commenced in this country, the ores utilized were the deposits in Kentucky, Ohio, Pennsylvania, some little in Connecticut, some in Georgia and a comparatively smaller amount in Virginia. Those are as a rule thin veins, some of them being only three inches in thickness. Most of the ore was stripped. I mean by that, that the ore came in layers at different intervals and the earth that was on top of it was stripped from it. Most of the mining was done by stripping the earth off the hillside and following that vein in until they found so much rock and earth they could not afford to go any further. At that time the ores cost so much, with the primitive way of making iron, the expense was so great, that the bulk of the iron was imported from England. In a short time, before the war, large deposits were discovered in the Northwest. It was thought to be a fairy tale and no one believed or paid any attention to it. We knew about Iron Mountain in Missouri, which was opened in the forties and was exhausted in 1877 or 1878.

Q. Where was that located? A. Iron Mountain, Missouri. That was opened in the forties and was exhausted in the latter part of the seventies. We heard these fairy tales of deposits in the Northwest. They were not believed, but finally ore com-

enced coming down and was sold here at lower Lake Erie ports at something like ten or twelve dollars a ton delivered. It was a very much richer ore than any of us had had experience with.

Q. What had been the price prior to that per ton? A. The native ores used to cost about three, three and a quarter and four dollars a ton; those were ores running from thirty-eight to forty per cent. local ores. This other ore was easily smelted free from sulphur, very low in phosphorous, very desirable ore for the manufacture of high grades of iron and one ton of it would go just about as far as two tons of the other ore, making a much better grade of iron. It took the same amount of fuel to melt a ton of the old grade as it did a ton of the high grade. It practically resulted in cutting the fuel consumption in two. The ores were shipped down in small vessels, loaded on railroad cars and sent to the interior furnaces.

Q. What year was that? A. That was a short time before the war; I could not tell you just how long before. During the war they commenced shipping down enormous quantities. The demand for iron was very great then. In the meantime the interior furnaces kept struggling along with the local ores but as they made discovery after discovery in the Northwest, range after range was opened up. They got to deepening the lakes. Instead of bringing down steamers of a few hundred tons they bring steamers of several thousand tons, while the freights, despite the high figures, have dropped down. Their freights last year and the year before were forty cents a gross ton, water rates. Out of that the captain pays the loading charge of fourteen cents which made the net charge to the vessel twenty-six cents. With the discovery of ore in such quantities modern methods of mining were introduced so that ores got to a point where they commenced shipping down as far as the Ohio river. Pittsburg was the first place to start in using this ore and now uses it almost exclusively.

Q. What year did Pittsburg start in to use those ores? A. Pittsburg first commenced shipping down large quantities of lake ore during the war. They had shipped a little before that,

but in comparatively small amounts. Pittsburg, before the war, was not the pig iron manufacturing plant that it became afterward. The Bessemer ores are different from the ores that make the ordinary iron only so far as relates to the percentage of phosphorous and sulphur they contain. They are very low in both sulphur and phosphorous. These ores are unusually pure in the Northwest. The deposits are larger and the purest and best in the world. The next best comes from Northern Africa and from Spain. In 1863 the country passed the million ton mark in the manufacture of pig iron. This year it is rather supposed we will reach very nearly 14,000,000 tons, perhaps all of that. In the next, fifteen, sixteen or seventeen years it is estimated that, up to 1915, the country will require 30,000,000 tons of iron per year. In other words, in the next seventeen years, and that, by the way, is not as great a proportion as the past increase has been, it is estimated that the minimum amount will be 30,000,000 tons for 1915, which more than doubles our present production. The importation of iron has amounted to practically nothing in the past few years. The cost of iron in England has increased during the last five years very perceptibly. The ores of England are practically exhausted with the exception of a district where the ores are of a very inferior grade. The iron ore used in England is taken from North Africa, from Spain, from Cuba and from Sweden. The various engineers are looking up some rather large deposits in the Orinoco river, Venezuela, and expect to ship a great deal from there. They have shipped some of the iron sands of Newfoundland but they are not very desirable as only a small proportion can be worked. There has been more or less discussion of shipping ores through the Welland canal from the Northwest, but while we could ship the ore they are at a disadvantage with regard to coke. Recently some small shipments have been made from Virginia. Coke has gone to Newport News for blast furnaces in England but the ocean freight is very much more than the cost of the coke is to our furnaces here. A great deal of iron is being exported now from the United States to England and offers have been made for the entire product from

our furnaces. We ship it by the Welland canal to Quebec and load it on steamers or ship it down over the Erie canal to New York and load it there; whichever way the rate would be the most desirable. The fact that England has to depend on America for its supply of iron in the immediate future is not taken into consideration in estimating that a production of 30,000,000 tons per annum will be required for 1915. The only export trade that is taken into consideration in that estimate is the exportation of machinery and manufactured products and rails and structural steel. The iron industry has increased so very rapidly in the last few years that the great struggle is to obtain a supply of iron. Various companies are investigating the matter very carefully. Engineers are making constant trips through the Northwest and a good many have gone to the Pacific coast. Quite a good many have gone to China and a large number and a large amount of capital have gone into Southern Russia. Some furnaces have just been completed in Southern Russia. The Russian government is paying a high bounty on all iron manufactured in that country by way of the prohibitive duty of \$10 a ton. Canada is paying a bounty of \$2 a ton for all iron made in Canada and the province of Ontario offers an additional bounty of \$1 a ton for iron made out of Canadian ores.

By Commissioner Smith:

Q. Are the deposits on Lake Superior very great as far as you know? A. They are practically inexhaustible, although almost practically undeveloped.

Q. Of the same character as Minnesota? A. Yes, sir; almost the same character.

By Mr. Fairchild:

Q. Will you explain just exactly what kind of ore is produced in Michigan to which you referred and also when the discovery of the Massaba ores was made, bringing down the development of that Northwest ore to the present time? A. At the close of the war the ore that was being shipped from the Northwest was

coming from the mines of Michigan and the mines of Northern Wisconsin, most of it from Michigan. While the veins were quite large it was very deep mining, very hard to pump the water out, quite expensive mining, and the ore began to get a little bit scarce. Then came this great discovery of ore which they thought was practically inexhaustible, the Bessemer ores.

Q. That is in the northern part of Michigan. A. Yes, sir; that was a Bessemer ore, being an unusually pure ore, an ore that would make into steel.

Q. Hard ore? A. Soft ore, soft temper. When they got to running those mines to the utmost capacity and looked for new territories, then came this discovery in 1891 of the great Massaba district. That dwarfs the lower peninsula although those were enormous. The Massaba field is practically unlimited so far as it goes. It extends indefinitely in a northwestern direction, at times being covered with deposits of 100 or 200 or 300 feet of gravel. It has been explored to quite an extent, something like 200 miles, while test holes, when put down in British American, North-western provinces, have found it just as good and just as great a development. The ore of the Massaba district is produced very cheaply and would instantly close the mines of Michigan and all Wisconsin on account of the price but it is very fine. In some cases it is almost as fine as flour and putting it in furnaces it passes away with gas. In Pennsylvania, at a distance of four or five miles from the blast furnaces they have to sweep their porches every morning; this red powder passes up with the gases of the furnace and settles over everything. At a distance of a mile, after the rivers freeze, the second or third day it is impossible for the boys to skate on account of those deposits of iron ore flour. The loss is also very great, being as much in some cases as fifteen or twenty per cent., which passes away and goes down through the traps that are used to catch the dust and carry it away. It was thought that it could be pressed into bricks. That has been found impracticable owing to the cost. The result of it was that they were forced to use a larger per-

centage of lower range ores. The physical character of the ore is the only thing that has kept the Massaba mines from closing the Michigan and Wisconsin mines entirely. The method of mining that ore is by steam power simply as you would mine gravel from gravel trains and mines fully as easily. They remove from eight to forty or fifty feet of gravel and then they have from one to one hundred and fifty feet of ore beneath, the same as you would have to remove earth from gravel. Those mines are from eighty to one hundred and fifty miles, the mines being operated now, from the lake coast, at a very much higher elevation than Lake Superior, being all down grade, so much so in most cases that an engine will bring down more loaded cars than it can take empties back to the mines. Those roads charge a very high price, in some instances as much as a cent a ton a mile, eighty cents a ton. That includes the loading charge on vessels at the Northwestern ports. Eighty cents is the uniform rate whether the mines are seventy-five or one hundred and fifty miles away. That ore has been produced and sold at twenty-five cents a ton on cars at the Northwestern ports but that is for the lower grade of ore. The first ten, fifteen or twenty feet is an ore that is used for foundry iron, a little too high with phosphorous to make into iron to change into steel, and rather than haul that away on their cars they sell it for enough to pay in some cases only half the royalty they pay to the owners. Nearly all the mines are operated on a royalty, so called. A large quantity of that ore has been sold for twenty-five cents a ton, the ore mining from sixty-four to sixty-five per cent. Then came the railroad charge of eighty cents a ton to get it to the vessel, then came the freight down to Lake Erie from the Lake Michigan ports. A great deal of ore there, of the lower grade, has been sold at Lake Erie points at from \$1.75 to \$1.85 a ton, while it would cost, in most cases, more than that to mine the extremely low grade of ore in the interior. The result is that it reaches the lake ports so cheaply it is now shipped as far as Maryland, the Maryland Steel Company using large quantities of Lake Superior ore. It has got to the point where blast furnaces, now turning out enormous

quantities of metal, consuming a vast quantity of coke, can not afford to use the low grade of ores if they got them at half the price of a high grade ore. The tonnage is a very important thing. For instance, our furnaces, that you gentlemen were inside of the other day, will use not far from a thousand tons a day of coke, ore and limestone to produce its product of pig iron.

Q. To produce how much? A. Two hundred and fifty to 300 tons a day, requiring about three and a half tons of metal to make a ton of iron.

Q. That is pig iron? A. Yes, sir. A leaner ore, that is, an ore that is not so high in iron, could not be hoisted and put in the furnaces scarcely. It would be almost impossible, even if you had the hot air and power to drive it, to produce that quality. It is as hard to melt a ton of poor ore as it is a ton of rich ore, and it takes as much fuel to do it. Now, the iron for the world's consumption, the pig iron, must come, to a very great extent, to a much larger extent than ever before, from those great deposits in the Northwest, they being by far the greatest and purest in the world. It is now a problem of getting that ore toward tidewater, making it into pig iron and getting the pig iron to tidewater for export, and the products of the pig iron to tidewater for export, in addition to what is consumed for domestic use. South of New York and immediately south of the western part of New York State, are very large deposits of coal that are now beginning to seriously affect, as rivals, the celebrated Connellsville coal. The new process of making coke, by saving the ammonia and tar extracted, has revolutionized the coke industry, and coals that were heretofore discarded and could not be used for making coke successfully are now turning out to be fully equal and in some cases superior to the old standard of coke. South of New York State are great deposits, from the Reynoldsville district east some hundred miles and quite a distance west and south. Good coking coal has recently been developed within 126 miles of Buffalo; I mean by using the new process for coking.

By Commissioner Smith:

Q. Is the Connellsville district a great deal further than that? A. Yes, sir; a great deal further.

Q. How far? A. I should say the Connellsville district, the main part of the Connellsville district, is perhaps something like 225 miles. That may not be quite accurate.

By the Chairman:

Q. It is fifty miles below Pittsburg. A. From fifty to ninety miles southeast from there but, of course, in coming to Buffalo they come directly. We are using Connellsville coke here in Buffalo in the manufacture of iron. Our first coke arrived to-day. I was speaking about the location at the eastern end of Lake Erie. By bringing this ore down to the eastern end of Lake Erie, and bringing these cokes from this new district, the cokes made by the new process, Buffalo will be the greatest iron manufacturing locality in the world. It did not exceed other districts so greatly until these enormous ore deposits in the Northwest were discovered, but now, when the country has to turn this way for iron, and the entire world has to turn to the United States, to a great extent, for its supply of pig iron, we are right now almost a direct line to the seaboard. Our next strongest natural quarter is Canada, which is also getting to be a very great iron manufacturing country.

By Commissioner Smith:

Q. How far east does that deposit on Lake Superior, in Canadian territory, extend? A. So far the larger developments have only extended as far as 140 miles east of Fort Arthur.

Q. Fort Arthur is half way the length of the lake? A. Perhaps about that; a little more I should say. Canada has offered a bounty of two dollars a ton.

Q. How long has that been in existence? A. Five or six years, but the iron manufacturers expected a change in parties there and thought that that would be repealed. With any kind of a guarantee and a bounty of a dollar or fifty cents, a large number of furnaces would be started in Canada. Such a guarantee has been made to an iron plant there recently, and within the past three weeks I have examined the plans for four of the finest blast furnaces to be erected in Nova Scotia. Those do not draw

on the Northwest for the iron supply depending on the iron sands, but the bounty of two dollars a ton is so attractive that they are going to use their inferior ore to make iron for export.

By the Chairman:

Q. Have they coal suitable for coke? A. No; an extremely low grade of coal, but the proposition is so attractive that it has drawn capital. A syndicate headed by a Mr. Whitney, of Boston, has been formed and has paid \$2,000,000 or \$3,000,000 for the erection of the four furnaces.

By Commissioner Smith:

Q. You have no particular fear of the competition of that place as compared with this, with the high grade of ore and coke? A. Yes, sir; I have. I think the greatest competition that Buffalo has at present, although there is room for both of them, is the Welland canal. I would rather have a blast furnace at Buffalo, New York, than any other place in the United States. I would rather have a blast furnace on the Welland canal, under the present laws, than any place in the world. They have all advantages of Buffalo, in the way of bringing this ore down from the Northwest; then they have the advantage of two dollars a ton bounty. They have a canal that is, perhaps, at any rate, equal to the Erie canal, in its present condition, for handling iron for export. They are only laboring under the disadvantage of the extra freight rate on coke from Buffalo to the point on the Welland canal where are located the blast furnaces.

By the Chairman:

Q. The bounty may be repealed at any moment. A. Then it is the next best location to a location on the south shore, the east end of Lake Erie, because then your only disadvantage is your additional coke rate from Buffalo to the point where you use it.

By Commissioner Smith:

Q. They do not offer any bounty for getting the ore out of the country there, up on Lake Superior, do they? A. Only so far as

the Province of Ontario offers a bounty of a dollar a ton for all iron made from Canadian ore.

Q. That would be equivalent to three dollars a ton? A. That would be equivalent to one dollar and sixty cents a ton, it taking about one and two-thirds tons of ore to make a ton of iron.

Q. But the two dollars given by the Dominion and the one dollar given by the Province of Ontario makes three dollars, does it not? A. That would make three dollars.

By the Chairman:

Q. They pay a dollar a ton in addition to the two dollars? A. The one dollar a ton is offered by the Province of Ontario for all iron made from Canadian ore.

By Commissioner Smith:

Q. What would you say would be the probable bounty that would be paid five years from now under the operation of that law? A. I should say this: That, in a very few years, it would bankrupt Canada, because the English people and the Americans, too, would simply line the Welland canal on both sides with blast furnaces. It is a very attractive proposition without the bounty. Not so attractive, however, as Buffalo.

Q. Would the taxation upon this property reimburse, to some extent, the Dominion and the Province of Ontario for the bounty?

A. Yes, sir. After the furnaces got started they would continue even after the bounty was withdrawn. It would develop the country, even if you only got a year or two of that bounty. There is danger of that law being repealed.

Q. You say they are willing to make contracts under the law? A. They have in the case of this Dominion iron bounty. The Whitney syndicate, which is building those furnaces in Nova Scotia, have a contract, I believe, for five years. As soon as they get started they will make in the neighborhood of twelve or thirteen hundred tons a day. The Dominion will be paying a bounty to that one company of something over two thousand dollars a day. Canada can not stand that very long, but if they can stand it for five years the company has got its plant paid for.

Q. Are they as sure of the guaranty of the government, in the way of a contract, as they would be under the laws of this country? Is there a constitutional requirement? A. I can only say that our attorneys, who investigated the matter, when the bill was first passed, said that a change of party might abrogate the contract; that there was danger of it.

Q. If the tax became too heavy it might result in a change of party and result in the abrogation of the contract? A. Yes, sir.

Q. It is a pretty uncertain thing, this bounty, in any event? A. It can not remain permanent. The natural advantages are great enough there; if you get a few started others will follow for the export trade.

Q. You have considered those advantages that they possess there and the possibility of securing a portion of that bounty and have located here? A. I hope and expect to build a blast furnace on the Welland canal within the next year. I expect in the next two or three weeks to build one in Buffalo.

By Mr. Fairchild:

Q. Will you state how the iron ore mines in Michigan and Minnesota are owned? A. So far as I can. The ownership is very greatly scattered. In a great many cases they are school lands, principally in Minnesota. The minimum royalty, I believe, I am not certain, is 25 cents a ton, for all ore mined on school lands. Most of the mines there are leased from the fee owners, either the State or the county, or whoever owns the school lands, or from the lumber people who originally owned the timber lands. Those leases are sold in some cases for several thousand dollars. Some of them are long term leases, having a minimum, where you must mine or pay royalty on not less than 100,000 tons a year. If they mine more than that they have to pay excess royalty. There has been a great deal of talk of iron ore consolidations. Some companies I am interested in have obtained footholds up in that northwestern country. We are merely in vague, indefinite fear that there might be some consolidation. In view of the magnitude of the ore properties, it seems impossible that any one inter-

est could ever control the ore in the northwest. As fast as they do control it they will start out going further on into the territory. The Carnegie people of Pittsburg are, perhaps, the largest owners of mines, counting their property in fee and by lease, they having taken over a large number of the Rockefeller properties by lease. To date, there has been no disposition on the part of any of the larger interests to monopolize. They simply will buy any piece of property that is offered for sale that is a good investment. I should think there were several hundred, at any rate, owners of mines in the northwest.

Q. Under the present conditions? A. Yes, sir.

Q. And because of the inexhaustible extent of the mines, it would be practically impossible to get them under one single control? A. Yes, sir; iron ore mines, iron ore property is being called to the attention of everyone in the country. They are all the time getting circulars offering such and such a property. A great many want you to take property on a royalty simply to operate.

Q. The great impetus of iron manufacture on the lakes dated from the 1891 discoveries? A. Yes, sir.

By Commissioner Smith:

Q. On the Massaba range? A. Yes, sir. That immediately reduced the price of Wisconsin and Michigan ore very radically and, as I say, would have stopped it, only you could only use a certain amount of this Massaba ore in mixing.

By Mr. Fairchild:

Q. Mixing them together created an average price for all ores? A. Yes, sir.

Q. Is there any other place on the face of the globe where such iron deposits, iron sand, as in the Massaba range, can be found? A. No. There are rumors of some wonderful deposits of ore in the interior of China. There has been some development in China of blast furnace interests during the last three or four years, a blast furnace having been built on what is known as the Ameri-

can plan. Those rumors are very vague and it is very hard to penetrate to the interior. A number of iron ore experts are in China now with a view to seeing whether those deposits are as great as has been intimated. In that event, it is not supposed they would equal those in the northwest, but they are still very large.

By Commissioner Smith:

Q. Have you examined into the possibility of utilizing the water-power of the St. Croix river for electrical power in operating blast furnaces? A. I visited the dells of the St. Croix in 1893, going up the old line of the Northern Pacific road, past where Jay Cook's son-in-law is manufacturing pressed brick. That is the only use the water power is being put to.

Q. Jay Cook got enormous concessions from the United States, did he not? A. When the Northern Pacific railroad was located, Jay Cook secured large concessions on each side of the river. The matter has been discussed and they are putting up there a large steel plant. They built a blast furnace in Duluth which was unsuccessful. Coke, fortunately for Buffalo, will not stand handling like iron. In bringing it to the vessel, loading it into the vessel, unloading it and rehandling it, the loss from breakage is so very great that it does not pay to break bulk if you can help it. When the coke is loaded onto a railroad car it should be unloaded at the blast furnace and not unloaded and loaded into vessels and then unloaded again.

Q. The rates of freight west are always comparatively cheap? A. Yes, sir. That is true. They have tried shipping coal to the northwest in order to produce coke there, but there are objections to that from the fact that you have got to get your winter's supply through the open season and it is very dangerous to make large purchases of soft coal, as there is danger from spontaneous combustion. They claim there is danger of great fires if you accumulate great quantities of soft coal. In addition to that you have to ship from a ton and a half to a ton and two-thirds of coal to make a ton of coke. Then when your metal is made there is not enough local demand right around Lake Superior to absorb it.

You have got then to take it by rail over the western roads to the Pacific coast or bring it back by vessel to Buffalo or to some Lake Erie port and ship it to the seaboard or to the eastern states for local consumption. Pittsburg is under a disadvantage, as regards Buffalo, having to ship a ton and two-thirds of ore for every ton of iron they make by rail from the Lake Erie port to Pittsburg. By modern methods of making pig iron we use less than a net ton of coke to make a ton of iron; about 1,800 pounds is about the ordinary amount for the best modern furnaces. It takes a ton and two-thirds of ore, ore being 2,240 pounds to the ton, to make a ton of iron. In a rough way, depending somewhat on percentages, a little short of 4,000 pounds of ore has to be shipped to Pittsburg for every ton of pig iron made, while only 1,800 pounds of coke has to be shipped from the coke ovens to Buffalo to make a ton of pig iron. Another thing, the coke ovens are not at Pittsburg. You have to load the coke at the mines and ship it to Pittsburg. You all realize the difference between a long and a short haul; a little more money will bring it on to Buffalo, so that the excess cost of coke in Buffalo is very much less than the cost of the ore at Pittsburg. In other words, Buffalo can make pig iron at a very decided figure below the cost at Pittsburg.

Q. Laid right down at the place? A. Yes, sir. Then, there is still a greater advantage. When iron is made at Pittsburg it is all right for the Ohio river points and the Mississippi valley, but to take it east, over the mountains, either to Newport News or to any of the shipping ports, or to New York, you have to pay a heavy rail haul, while from Buffalo to tidewater, seven months in the year, you can ship iron for a little less, even under present conditions, than half the cost of shipping the iron from Pittsburg.

By Mr. Fairchild:

Q. By canal? A. Yes, sir.

By the Chairman:

Q. Suppose the canals were abandoned what would be the condition then? A. It would not injure Buffalo to the extent you

think. I am speaking now in the iron line. I am not posted in any other business. We could still hold our own. We would still have the advantage, as I say, over any other place so far as the making of iron is concerned. There would not be the additional number of furnaces built as there otherwise would be. You can fill the Erie canal up, but you cannot stop Buffalo from being a greater iron center than Pittsburg. There is the Welland canal. As far as exports are concerned, it would be used very largely and they would offer inducements for that trade. The only points, great points that that would injure, would be New York city, the Mohawk valley, the Hudson river, in fact, from here to Albany, points like Rochester, Syracuse, Utica and Schenectady.

By Commissioner Shayne:

Q. The whole State of New York? A. Yes, sir.

By Commissioner Smith:

Q. It would restrict the development of our commerce in the State? A. It would, very materially.

By Mr. Fairchild:

Q. And also our manufacturing? A. I regard that from Buffalo to New York is bound to be the great manufacturing point in the iron industry of the world, not because we are people who are more progressive than people of other localities, but simply because it is the natural highway from the great northwestern fields of ore to the seaboard, and it has got to pass out that way or it has to go out some other way. It might be down the Mississippi river, but you can't get your coking coals there. It might go through the Welland canal, but at Buffalo you meet the coke without breaking bulk, which is a much greater advantage than you can get anywhere else.

By Commissioner Smith:

Q. It is a matter of State enterprise whether they lose this traffic? A. Yes, sir.

By the Chairman:

Q. Do you think it is necessary to have canal communication for the export trade? A. I would like to say that I thought it was, but I can not. I think we will have an enormous export trade anyway. I think we will have export trade even if we have to pay railroad rail rates.

Q. It is stated in the public press this morning that the railways at present have brought their prices down to three mills per mile; do you think that the canal can under-rate that? A. The New York Central people, who are certainly extremely progressive, and play hard for every dollar there is in the business, have figured it all down to a fine point, and take the stand that they do not want pig iron at the rates that it can be carried by the canal. I am frank to say that I consider it would not be good policy for our furnace interests here to make a fight or take a stand that would be very decidedly objectionable to the New York Central road. We would not care to do it. We have not done it. If they would give us the same rate that the canal does there would be no advantage in shipping by the canal. I talked with them very freely about it, with the principal officials of the road, and they said, "We would rather you would pay us living prices while the canal is frozen up than to haul it at that low rate the year around." We ship iron for instance to local points like Medina for twenty cents a ton, Rochester thirty cents a ton.

By Commissioner Smith:

Q. By canal? A. Yes, sir; we ship to Utica for fifty-five cents a ton, the prices varying according to the scarcity or plentitude of boats. We pay sixty cents to Albany and Troy. We have shipped a good deal of iron to Bradford, Conn., for \$1.20 a ton. It is shipped to New York and then towed the balance of the way. If there is any way to be devised by which you can load twice as much iron on a canal boat, we do not care whether you make it a deeper draft or whether you make it wider or longer, so you could double the tonnage, it would be a good thing.

Q. Have you ever received a rate by the New York Central

equivalent to three mills per ton per mile? How near have you come to such a rate, would you say, or any other railroad for that matter? A. We have had rates on long hauls, for instance from here to New York city; we have had rates, I believe, that were a little more than that. They are now about four mills a ton per mile.

Q. By railroad? A. By railroad. Most of our rates have been from five to six mills a ton per mile. Of course the shorter hauls are, in many cases, a cent a ton per mile.

Q. You can get all the boats you want to carry your steel products from here to New York for a dollar a ton, can't you? A. I think so.

Q. That amounts to two mills a ton per mile? A. A little less; I am counting the distance as 450 miles from Buffalo to New York.

Q. Call it 500 miles by canal and river. Now the proposed widening of the locks would enable you to cut that rate in two, approximately, with boats that would be able to accommodate the traffic? A. I could not say anything as to that. I know nothing of hydraulics.

Q. They propose to carry three times the load they do now? A. If you could carry twice the load it would make a material reduction. We have very seriously discussed the question of building iron canal boats to do our own work. The old wooden boats apparently are going out of date; every one advises not to build them. There does not seem to be as many boats on the canal as there were, for instance, when we first started the Tonawanda furnace. There may be, but there does not seem to be as many. If we could build iron boats that could carry twice the tonnage of the present wooden boats we should build them as quickly and as rapidly as we could get the iron, and we should keep on building them, as rapidly as we enlarged our plant, to insure boats when there was a rush in the grain or lumber trade, or something of that kind. It makes it very much harder to get boats then. Boats are very uncertain. We have to make our contracts very often at the commencement of the year for a supply of iron to

an eastern concern running through the year. Now we want to ship as little by rail as possible and as much by canal as possible. We are working now day and night to get our plant started. We have got a lot of iron to ship to malleable iron works. We want to ship by canal and store at these various points the iron for these orders than to ship by rail. We can afford to ship it on account of the lower cost by canal and pile it up and let them pay for it in January, February, March, April and May than to ship in those months by rail.

Q. Have you considered the cost of building boats of steel?

A. I went through the matter at the time those canal boats were built that run from Cleveland.

Q. Those were built in Cleveland? A. I simply got the figures in Cleveland. To build those same boats now would cost nearly double what those cost.

Q. What did you find the cost then? A. I do not remember. I had those figures some place.

Q. Would \$7,000 be about the cost of the barge? A. I can not give the figures; I do not recall them. We figured on having one boat, one steamer, tow three consorts. We figured, as I remember, a boat with a mast and with a derrick. We have a mast that would raise up on the steamer, so that we could bring the steamer alongside the consorts and unload pig iron, swing it around, unloading as we wanted the stuff, and have the steamer unload from one of the consorts fifty or a hundred tons of iron, as we might need, until finally a boat was unloaded, when it could be left and go on with the others. We figured that the cost, as I recollect it, approximately for the four boats would be \$40,000.

Q. Including the steamer? A. That is my recollection; including the steamer and the rigging for unloading.

Q. That would be a little more than seven thousand dollars a boat; I suppose the steamboat would cost thirteen or fourteen thousand dollars? A. When we first considered the matter our first cost was forty-four or forty-five thousand dollars, but the

point was brought up that we had figured for greater speed than the canals would allow. Our engineer cut down the engine requirements, and my recollection is that the figure was something over forty thousand dollars.

Q. Did you make a price for building wooden barges and steamers of the same size? A. Only so far as we figured on buying old wooden boats. We figured on buying some old wooden boats and running those.

Q. Would the fact that you could build such vessels, a fleet of four of them, for say \$18,000, would that be a factor in determining your action in the matter? Would you build wooden boats, rather than iron boats, if there was that difference? A. No, I would say build of iron.

Q. Why? A. The same displacement in the iron boat would allow you to carry more than you could in a wooden boat. Our hydraulic engineers tell us that.

Q. You don't think the narrow navigation of a long canal like this would be detrimental to such vessels? There would be frequent injuries, and the repairs to an iron boat would cost more than they would to a wooden boat? A. I think not. The repairs are very easily made, much more than on the wooden vessels, very much easier to repair an iron boat. An injury to an iron boat is simply a matter of cutting a few rivets and putting in new plates.

Q. Isn't it pretty bad for the cargo? A. Yes, sir, but you must remember that these boats would carry pig iron mostly.

By the Chairman:

Q. This Commission and the people of this city, in fact of the State, are deeply interested in this question, whether the next Legislature should be asked to make an appropriation large enough to place the Erie canal in a proper condition to compete with the rail freights. We want an expression from the people of this city here, and from you in particular. We would like to know what your opinion is as to expending that much money, that amount of the State's money, for the enlargement of the

canal? A. Why, I have no hesitancy in saying that it would be the greatest investment the State possibly could make. It would build up from Buffalo to New York. I can also say that my friends are capitalists and if the State of New York wanted to sell the Erie canal to a private corporation, there would be no trouble in forming the corporation. They will buy it and widen it or deepen it and lengthen the locks, and do whatever is necessary, but it must be private property and not free to all. The iron company or the steel company, or the trusts or combination of the iron companies and steel companies, who can get that canal, would be something that would be practically irresistible as far as the export trade is concerned, but no one else would ship a ton of iron over that canal unless they paid good prices. Even if they paid five dollars a ton the owners of the canal would rather they would stay away.

By Mr. Fairchild:

Q. In other words it would pay them, for their own business, to own the canal and improve it? A. No question about it.

By the Chairman:

Q. I would ask you another question. In your opinion it would be a suicidal policy on the part of the people to advocate the abandonment of the canal? A. I most certainly think it would.

Q. You would be emphatically opposed to it? A. I would be, but I think Buffalo would suffer less because we have the Welland canal for the export trade.

Q. You state that in case of the abandonment of the Erie canal Buffalo would have the Welland canal. The Welland canal is not in this State; it is a foreign canal. If then it is for the interest of the city to have a canal certainly the canal should be owned by the people of the State? A. I was thinking a minute ago not so much as a citizen of Buffalo as I was as the president of a corporation that is manufacturing pig iron.

Q. Then as president of an industry you still have that opinion? A. As president of a concern which manufactures pig iron, you

could fill up the Erie canal and not very seriously cripple us because it would stop any additional furnaces being built. There would be quite a number built. We could still have an outlet by the Welland canal.

Q. Would it cripple your industry here? A. It would to an extent. On the other hand we would have the same facilities by the Welland canal. There would not be the same amount of iron made here. It would not advance Buffalo as rapidly and it would not bring in competitors.

Q. Did you read the letter published, giving the opinion of a prominent citizen of this state on the canal? A. I am not sure that I did. I should think this of Mr. Hewitt. He is considered a pretty good authority in iron. I do not know whether his letter favored the Erie canal or was against it. As far as the iron trade is concerned he has predicted the growth of the iron business much better than any one else.

Q. For your information, he did not mention steel or iron. His letter was simply upon the question of continuing the canals and enlarging them and going to the expense of doing so, and the annual expense of maintaining the canal. He states that it would be a mistake to continue the canal. A. He said he would not make the expense?

The Chairman: That is his opinion now.

By Commissioner Smith:

Q. Since you believe that a private syndicate would be very willing to take the canals off the State's hands and improve them, don't you think that it would be of much greater interest to the State to improve them? Isn't that an indication that it would be? A. Very decidedly so.

Q. Isn't it a fact that, after all, the freights are paid by the people, so that if the freights by the canal were reduced the people would get the benefit of it? A. Yes, sir.

Q. If the canals are abandoned and the freights by rail are increased, the people pay the cost? A. Yes, sir.

Q. What moneys are expended for railroad improvements are

paid by the people who pay for freight carried on the railroad?

A. Yes, sir.

Q. Therefore any improvement on the canals is done by the people in a slightly different way, but inures to their own advantage? A. Very much so, simply because it is cheaper to handle large tonnage by water than by rail.

Q. Speaking of the Welland canal, of course your use of it would be largely, if not altogether, for the export trade. It would not materially aid you in developing a domestic trade in the United States? A. Yes, sir.

Q. The use of the canal would be of great value to you in that respect? A. Yes, sir.

Q. The abandonment of it would handicap your business to such an extent that you would be handicapped in your domestic trade? A. Yes, sir; but at the same time we could dispose of all the iron we could make. We could make iron cheaper. There is no ore coming to Buffalo from the Northwest. There are a number of railroads coming down, but they can not compete, or come anywhere near it. Half a dozen times the cost of bringing the ore by water would not bring it by rail.

By Mr. Fairchild:

Q. None of it is brought that way? A. No, sir.

By Commissioner Smith:

Q. You have probably read of the cost of freight through the Soo canal, merchandise moved back and forth. The statistics as put out by the government authorities has brought it down to something like sixty-one one-hundredths of a mill per ton per mile. A. I have read the figures but I do not remember just what they are. There is one thing, the terminal facilities of the canal are not very good and should be improved upon to a certain extent.

Q. By whom and how? A. Well, for instance, here we have built our own docks. We expect, when we build boats to send along the canal, as I say, to have a mast that can be raised and

so unload our pig iron; we are independent to a certain extent in that respect. But when you come to unload at a railroad dock or at a dock that is owned by a steamship company, they will naturally not allow us to unload our own material. They are not in the docking business for their health and you have to pay pretty good charges in a great many cases; that is quite a drawback.

Q. Would you advocate that the State should erect wharves and sheds for the canal traffic? A. I scarcely could. I have not thought of it. If I was the Legislature of the State of New York I would put a toll on the canal, a reasonable charge, and if grain or any other commodity would not stand it, or temporarily would not stand it, I would take it off; give the people the full benefit. I will say this, as far as iron and steel are concerned, with a profit running up into several dollars a ton, a charge of ten cents or fifteen cents or twelve and a half cents or twenty cents would be a mere bagatelle.

Q. A ton? A. Yes, sir; it would not stop it at all. In fact, it would quadruple or multiply by ten the amount of business you are doing in that line if there was any certainty as to what was to be done with the canal. If they decide to leave it as small as it is, or smaller, we can make our arrangements. It is the uncertainty that is stopping the development.

By Mr. Fairchild:

Q. You are afraid to build small boats? A. Yes, sir; we would rather build small boats than not build any, but we simply want to know and we would rather pay a toll, a reasonable toll. There is no objection to paying a toll. Why we pay the railroads a toll of from fifty cents to a dollar a ton during the closed season; we pay that much more than the canal rates and are glad to ship it at that additional rate.

By Commissioner Smith:

Q. From your knowledge and experience in this business, and the probable future development in the steel industry, what would

you predict, in an improved canal, would be the amount of product that would be shipped in five years from now, and then in ten years, from this city? A. I should say, between now and 1915, the time during which the consumption of pig iron will be more than doubled, that the eastern end of Lake Erie will get one-half of the increase. That will come naturally, particularly if there are first-rate facilities for shipping. Buffalo will get a large proportion of it any way.

Q. That means a product of seven and a half million tons at that time? A. I think they will be making by 1915 at the east end of Lake Erie not far from seven to eight million tons.

Q. Most of which will be destined for what place? A. For New York city and for New England. They manufacture everything there in the way of machinery. They send it to other places and export it to other countries.

By Mr. Fairchild:

Q. Go back to the question I asked you a little while ago. You stated that the great impetus in the manufacture of iron in this lake district dated from 1891, the discovery of the Minnesota mines. Now, at that time, was there any blast furnace in this section, in Buffalo? A. In 1888 there were no blast furnaces here in operation. There were some old plants that had been erected in the days of native ore, and using anthracite coal as a fuel, but no furnaces had been erected with a view to using coke as a fuel. It was early in 1889 that I took the Tonawanda furnace, which had been built in 1872, and ran only a few months, and changed it from an anthracite to a coke furnace. In 1891 I erected a furnace in South Buffalo.

Q. That Tonawanda furnace, how much does it turn out? A. The two furnaces there turn out from four to five hundred tons a day.

Q. The next furnace was erected here in Buffalo? A. Yes, sir; tore down three old ones and put up a new one; tore down three anthracite furnaces that ran before the war.

Q. When was it that you erected that furnace? A. In 1890-1891;

we commenced manufacturing in 1892. In 1893 the Tonawanda people, I had sold out in the meantime, put up an additional furnace there, and last year, and so far this year, we have been building a new furnace here in Buffalo.

Q. What is the output of the old furnace here in Buffalo that you erected in 1891? A. From two hundred and twenty-five to three hundred tons, depending on the class of iron.

Q. Now as to this new furnace, is that completed yet? A. We expect to start week after next.

Q. What will be the output? A. Depending upon the class of iron we make, from two hundred and twenty-five to three hundred and fifty per day; depending on whether we are running on foundry iron or malleable iron. The four furnaces are good for several thousand tons a day the year around; that is only a starter.

By Commissioner Smith:

Q. You mean two hundred and fifty tons a furnace? A. Yes, sir.

By Mr. Fairchild:

Q. The total output of the furnaces that have already been in operation has been sold, contracted for? A. Yes, sir, sold way ahead.

Q. How far ahead? A. Well, as far ahead as we would stand. Fortunately we have not sold, with our new furnace, very far ahead.

Q. You have made sales, contracts for future deliveries from the new furnace? A. Yes, sir; between thirty and forty thousand tons, all within the last few weeks.

Q. Is there any other blast furnace or steel plant, or anything in which iron enters, in the shape of manufacturing, that has been arranged to be established here? A. I understand a company has been formed. You are probably familiar with the details. It was formed with \$20,000,000 capital to build an enormous plant at Stony Point. I will say that with \$20,000,000, with an expenditure of that magnitude, barring the armor plate plant of Carnegie,

that \$20,000,000 will construct a finer plant than the Carnegie plant, or a finer plant than the Illinois Steel Company has.

By Commissioner Smith:

Q. A finer plant than exists anywhere? A. A finer plant than exists anywhere in the world; not that it will cost a quarter as much as some of these others but they have been elevated from the old traps that have been discarded to the present magnificent structures of to-day. These people will have the benefit of their experience. Carnegie could take \$20,000,000 and more than duplicate his plant, which could be operated to a greater advantage. I think they could duplicate their entire plant, not counting their vessels, their iron and coal mines.

Q. Steel producing plant? A. I think Carnegie, the Illinois Steel Company or any of them could duplicate their plants for \$15,000,000. I think it is fair to assume that this company—I am not interested in it, in fact we are competitors, if we can compare a small concern like ours with a great concern like that—I think it is fair to assume that that will be the largest and most complete plant in the world for quite a while, until some one else builds another, and every one that is built is better than the preceding one. The iron business is increasing very rapidly, changes being made all the time. Nothing can help Buffalo, or the iron business, or the State of New York, in my opinion, as much as the improvement of the Erie canal by some means or other.

By Mr. Fairchild:

Q. Do you know anything about the lignite or brown coal of Canada? A. You refer to the ones in Nova Scotia?

Q. Yes, sir. A. Yes, sir; I made a report on the coke made from that coal within the past two weeks. The principal objection is the extremely high percentage of sulphur. It is very high in ash but that, for furnace purposes, is not objectionable as you want body to withstand the pressure of the iron. That coal, in its native state, without being washed to get the particles out, makes

a coke much higher in sulphur than has ever been used in a blast furnace. They have tried, by two or three methods, to crush and wash that coal, and separate the particles of sulphur and have succeeded to the extent that their best sample coke contains something like one and eight-tenths per cent. of sulphur. Connellsville coke runs a little below one per cent. of sulphur. The Reynoldsville coke have got down to about one and one-tenth per cent. of sulphur. While it is possible to use that Nova Scotia coke in making iron, it is a very hard problem to run a furnace continuously and successfully. They will have a great deal of trouble to do it. It can be done and will be done but not successfully. It is, however, impossible, with that kind of coke, to make an iron that will make a high grade of steel. It is absolutely impossible.

Q. What are the percentages of iron in the iron ore of the Northwest, take Michigan and then take Minnesota? A. The highest percentage of iron you can get in any of the ores is sixty-seven and a fraction. In Michigan pure pig iron runs from ninety to ninety-eight or ninety-nine per cent. Most pig iron, foundry pig iron, runs usual about ninety-four per cent., there being usually from two to four per cent. of silica in the iron, some carbon according to the character. There is usually about three-quarters of one per cent. of phosphorous and there is a little sulphur, so that the iron running sixty-six and two-thirds per cent., the Michigan iron, a ton and a half of it, on theory, will make a ton of iron. In reality it will make more, at ton and a half, sixty-six and two-thirds per cent. of ore, will make about one and one-tenth tons of iron. The percentage of iron ore there runs from fifty-five to sixty-seven per cent.

Q. That is in Michigan. Do they run the same in Minnesota? A. Yes, sir; but there is more of the higher percentage in Minnesota than in Michigan. The ore will average higher in iron in Minnesota.

Q. Take the southern ores, how do they run in percentage? A. They run from thirty-two per cent., in very extreme cases, to forty-seven or forty-eight per cent.

By Commissioner Smith:

Q. Is that Alabama ore? A. Alabama ore runs from thirty-eight to forty-two per cent.

By Mr. Fairchild:

Q. How can Alabama ores compete with Michigan ores and Minnesota? A. It would not be the competition with the west so much, you mean the iron. Alabama has made the cheapest iron. It opened those limited deposits of ore there and it got its most valuable ore and its most valuable coke. Quite a good many of those furnaces now are out of ore, in fact the only furnaces that are idle in the country, that are equipped so they could run, are the furnaces in the south. They have no ore. They are shipping ore by rail to certain furnaces in Alabama nearly two hundred miles. They have also recently made shipments of ore from the northwestern districts to Toledo, Ohio, shipping it by rail to Alabama. So far as the competition between the two is concerned, the Alabama ore is threatening the lake ores to no extent whatever.

Q. Don't you receive Alabama ores and other southern ores to mix with ores from the Northwest? A. Quite a good deal of the low grade from Birmingham has been brought up by foundries to mix with the higher grade ores from the Northwest. That has been done very largely by shipping ore around by schooner to New England ports. At present the competition of southern irons does not cut any figure at all. They are higher in the market than our own iron. The main competition that we have in the northwestern ores is from ores made in Virginia. There the trouble is the limited ore supply. In Virginia they are shipping ore by rail from twenty to one hundred and fifty miles, wherever they can get it.

By Commissioner Smith:

Q. What would you say of the ore in Cuba, as to the effect upon the industry in this country, especially if Cuba should become a part of the United States? A. That is rather a serious matter.

It would be quite a serious factor particularly with such points as the Maryland Steel Company.

Q. Wouldn't Alabama have a pretty good chance? A. They could get ores from the Gulf of Mexico. That matter has already been discussed. A man just got back a short time ago with a proposition to a syndicate in New York to open up a deposit of ore in Cuba. The ore in Cuba is owned by American capital. The Pennsylvania Steel Company has an interest and Rockefeller has an interest. Most of that iron goes to England.

Q. How large a deposit is it, so far as you know? A. An enormous deposit.

Q. High grade? A. A very high grade.

Q. Is it a hard ore? A. Very hard, hard all the way through.

By Mr. Fairchild:

Q. What is the percentage of Cuba's ores? A. The percentage is about the same as the best of the ores from the Northwest.

Q. How about European ores? A. The ores in Europe are not as good an ore and not as pure as the ores in this country, with the exception of Sweden. The Sweden ores are not as rich but as pure. The ores from northern Africa will compare very favorably with the ores from the Northwest. Spanish ores are not as good.

Q. The establishment of the iron industries here in Buffalo, does that account for the very large increase of shipments of pig iron and railroad iron that is shown in the canal statistics? A. I think it accounts for the great bulk of iron that has been shipped east over the canal. There has been a little shipped from tidewater, southern iron coming to mix with our iron.

Q. Is there any use of the canal as a result of the establishment of the iron industry here? A. I can only say that within the last thirty days I have shipped thirty-one hundred tons of sand from New Jersey, twenty-one boat loads. We had sixteen boats there at one time; of course we had to pay demurrage.

Q. Is it a fact that your limit of shipments by canal has been the limit of the number of canal boats you could get? A. Yes, sir; very largely.

Q. That is the present condition of affairs? A. Not the number we can get, the number we can count on. For instance, we have been asking for the last week what we can forward by canal for, in large lots, as much as 5,000 tons, to go to one firm, what rate for August, September and November. They tell us they do not know; we have got to wait and take our chances.

By Commissioner Smith:

Q. There are not enough boats to make contracts with? A. No.

Q. You cannot charter them? A. We cannot charter them at to-day's price. They can tell us what we can have them for to-day. If it comes to next week they cannot tell; a month ahead, it would depend on the rate.

By Mr. Fairchild;

Q. That represents the present relation of the iron industry to the canal, the limit of the canal boats? A. In shipping over three thousand tons of sand, I went to a firm, Crane & Company of New York, and told them I wanted 3,000 tons of sand and they said they could get it for sixty cents. I said "get it at anything under a dollar and get boats as fast as they come along. We want it and we want it in a hurry. We do not want to be delayed." They charter the boats as fast as they come in, they bunch up here and we pay demurrage. It would be better for us to have them here a week and pay demurrage than to ship by rail. We can not ship by rail. We can not use the Jersey Central.

By Commissioner Smith:

Q. How many tons per boat? A. The boats load very light, something like two hundred and forty tons and the steamers a little less.

By Mr. Fairchild:

Q. Did you state how much that cost per ton when you shipped that sand here? A. I think it cost, as I recollect, about sixty-seven cents a ton.

By Commissioner Smith:

Q. From where? A. New Jersey; I think that was the average.

By Mr. Fairchild:

Q. You referred to Mr. Hewitt as an iron man, where are his properties? A. His blast furnaces are things of the past. He used to make a good deal of pig iron. He depended on local ore but local ore could not compete with the ore from the Northwest and I do not think any of his furnaces are running.

Q. That is one of the cases where the great output of the Northwest has closed the iron mines. A. Yes, sir.

By Commissioner Smith:

Q. What per ton per mile is that sixty-seven cents you paid on this sand, something like two-thirds of a mill per ton per mile, 500 miles by water? A. I think they loaded at Perth Amboy. A mill would be fifty cents a ton; it would be about a mill and a third. We paid, in some cases, seventy-seven cents, but most of it we got lower. I told them to pay anything under a dollar.

J. J. H. BROWN.

J. J. H. BROWN, being duly sworn by the Chairman, testified as follows:

By the Chairman:

Q. You wish to say something about the relation of the railroads to the canal? A. Scarcely that. I might say something regarding the elevator pool; the manner in which it affects our lake trade and what we think of the elevator pool.

Q. Are you interested in any elevators? A. I do not, never did own a dollar's worth of elevator stock for the reason that the State law has been a standing menace to the elevator owners. It has regulated the price of elevating; that is, it has made a legal rate, but it has not affected the price of elevating. They have had to go around the law by subterfuge but have kept on

charging what they had a mind to. Naturally, business has forced lower rates, but the law never enforced the rate. Nevertheless, it being understood that the law had power to regulate the rate, the law was a menace to business and it deferred me from going into it. The elevators that we have here, a good many of them, are not elevators suited to the present condition of business. When there was a rush of business we have enough to transfer at all times but not enough to store. Previous to last year, for a great many years, there has been an elevator pool, as I understand it, and I am quite sure I am right, in which the earnings from elevating and storing grain went into one pool, the earnings of the steam shovels into another and the earnings from car loading went to the elevator that handled the grain. Of course they are prohibited by law from making any charge to canal boats. Last year we had no pool, and I was going to say that there was a little advantage, under the old pool, to the elevator in handling as much grain as possible. Therefore, when we were consigned to a particular elevator, and bound by contract to deliver to that particular elevator, we would frequently have to wait, while other elevators on the same line of road, and having the same convenience for elevating, were lying idle. Last year, there being no pool of any kind, the railroads, as I understand it, handled the great bulk of the grain, made no direct charge to the grain for any other service except the freight. We frequently had from a dozen to twenty boats consigned to one elevator and waited, in some cases, a week or ten days to be unloaded, when there was ample room in the port.

By Commissioner Shayne:

Q. Why was that? A. Because the elevator, having taken the contract to handle this grain, was getting nothing but what they got out of the steam shovels; an elevator working night and day would, perhaps, pay expenses out of these steam shovels. I do not know what an elevator's expenses are, but take an elevator capable of handling 200,000 bushels of grain and upwards a day, some of them capable of handling twice as much, working nights,

days, Sundays and holidays, never stopping, their earnings are considerable from steam shovels.

By Commissioner Smith:

Q. Equal to almost an eighth of a cent a bushel? A. It makes five cents a thousand. They keep us waiting. This year, I understand, they have a complete pool; all the earnings go into one pool, and there is no particular object to the elevator to handle any grain so long as the grain is handled at this port, and the elevator is in the pool. The result of this is that we have not had a single instance of serious delay this season. In very few cases has the vessel not been unloaded within twenty-four hours after arrival. In many cases within six hours after arrival, because if the elevator to which they are assigned has other work on hand, can not unload us, with reasonable promptness, they assign us to some other elevator having the same facilities that the consignee requires. The result of that is a very great saving in time, and time on very high freights is money. We only earn money, of course, when we are running. There are other advantages in the pool. One, particularly, when we make delivery, that is, when we unload, we do not make delivery; the grain in the elevator is in our possession until we are ready to get warehouses for it, and if there are any charges against it we are still as secure as though we had it in the vessel. That is an arrangement in which we are not consulted but it is a result of the pool arrangement. Where we deliver at a transfer tower directly into canal boats, there is the disadvantage that we are bound to wait for canal boats, and if they are not on hand we cannot unload until they come there. The same would be the case in delivering to rail if it was done by transfer tower or an elevator without storage capacity, but each of the rail houses has storage capacity. A vessel will come in here at night, before daylight she is unloaded and gone out again. Every one familiar with trade knows that the original bills of lading are generally negotiable. It is billed sometimes in a manner that we cannot make a delivery without transferring the bill of lading, which is almost generally

in a New York bank. If we had to hold that grain in the vessel until that bill of lading could be procured from New York and presented for transportation, we would probably have to lay two or three days, as it sometimes takes them two or three days to arrange with the bank to get the bill of lading. To be safe, we would have to hold the grain on the vessel.

Q. What you wish to imply is, that it is a benefit to the terminal and freight handling facilities of this port? A. It is a very great benefit; that is the idea I wish to convey; that it is to the general interest of the trade, and another thing, it gives a uniform price; all haulers of grain have got to pay the same price; there are no favors.

By Commissioner Smith:

Q. What do you think of the method of elevating canal grain free? Do you think that is a benefit? A. I do not think the canal has any reason to find fault with that.

Q. Do you think it would be a benefit to the port if all the elevators were in the hands of the railroads? A. That it should be in the hands of the railroad elevators?

Q. Yes, sir; entirely. A. I do not see that it cuts any figure.

Q. You do not think it would be any injury to the State or to the port if the business be in the hands of the railroad? A. I think it is only a question of charges.

Q. It would be no detriment, in your opinion, to the port or the State? A. I would be afraid if they had entire control of it that they would use their power to their own advantage.

Q. In using that power and wiping out elevators capable of transferring only to the canal, are they not liable to get that power? A. I should think they might. I think that is it.

PHILOS G. COOK (recalled).

PHILOS G. COOK, recalled, testified as follows:

By Commissioner Shayne:

Q. You stated the other day that your records showed all the dividends paid to the elevators in the pool? A. Yes, sir.

Q. Are you now willing to give the Commission the information shown by the records? A. Of what nature?

Q. Of the records that you have to show with regard to the moneys paid? A. I can give you the amount paid out in dividends.

Q. Will you make the compilation for the Commission and allow the counsel of the Commission to verify it from the books? A. Yes, sir; I can do that.

By Mr. Fairchild:

Q. Mr. Cook, I want to state now just exactly what we would like to have compiled from your books. First, the percentages paid to each of the elevators, so far as your books show, and where they only show a group the percentage paid to the group; second, the total amount received by the elevator association for services for which they make a charge; third, the expenses of the association, showing the net amount paid out in dividends; fourth, the distribution of that net amount; fifth, of the total amount of grain elevated, how much was elevated at your charge of one-half a cent, how much was elevated for any of the prices in between half a cent and free, and how much was elevated free; now, will you give me the facilities in your office for the compilation of those tables from your books? A. I will have the compilation made; I will give you the facilities for verifying them. It is quite a job to compile those figures. Mr. Smith asked me a question about this thing getting in the hands of the railroad elevators. You understand distinctly that these elevators that are termed railroad elevators are not, strictly speaking, railroad elevators. They are owned by individuals. They have simply a connection by which their customers put grain on the railroad. They are not handled or owned by the railroads.

By Commissioner Smith:

Q. Isn't it a fact that the railroads are more potential in the control of the elevators in this port than any other single element? A. I do not think so.

Q. Don't the railroads, who own elevators here, dictate the policy of the other elevators? A. No, sir; I do not think so.

Q. Don't they to a very great extent? A. No more than their representatives on the committee.

Q. Which is necessarily very large? A. There is no one interested more than one representative.

By Commissioner Shayne:

Q The railroad elevators are controlled by groups 1 and 2; they control that portion, as I understand it? A. There are only three of those elevators that are, strictly speaking, railroad elevators, City A and B and the Erie.

By Mr. Fairchild:

Q. Although each elevator only has one representative, there are certain elevators which have more influence to dictate terms as to percentages? A. That might be; the percentage would not cut any weight in the government of the association.

Q. Did you ever hear that Mr. Douglass said that three or four of them got together and said what they would have? A. No, sir.

Q. Would you be surprised? A. Yes, sir.

Q. Would you be surprised if he made that remark to me? A. If he made it in earnest I would. I would like to show you gentlemen as to the necessity of the service here. A statement was compiled showing vessels in the port last year at one time. There were 7,000,000 bushels afloat, and there was no possible way of handling it.

The Chairman.—We are under obligations to the city of Buffalo for the courtesy which has been extended to this Commission, especially his honor, the mayor, and the members and officials of the Merchants' Exchange and the press. I would suggest that a vote of thanks be given by this Commission to these gentlemen.

On motion of Mr. Smith, duly seconded, a vote of thanks was given to his honor, the mayor, for his courtesy; also to the mem-

bers and officials of the Merchants' Exchange and to the public press of Buffalo.

Commission adjourned subject to call of chairman.

The following statement was furnished by Mr. Philos G. Cook, secretary of the Western Elevating Association of Buffalo, in accordance with request of Mr. B. L. Fairchild, counsel to the New York Commerce Commission:

GRAIN ELEVATED DURING SEASON OF 1899, ENDING
JULY 29, 1899, 6 P. M.

Elevator.	Bushels.
City A	5,409,659
City B	5,903,468
C. J. Wells.....	3,074,836
Coatsworth.....	987,201
C. T. R. R.....	7,227,079
Dakota	4,747,593
Eastern.	3,782,180
Electric.	1,894,145
Erie.	3,963,199
Evans.	361,827
Exchange.....	427,145
Export.	2,883,937
Frontier.	2,431,656
Great Northern	7,519,861
Kellogg.....	1,992,325
Marine.....	3,811,408
Niagara A	1,376,194
Niagara B	1,112,253
Niagara C .....	.....
Ontario.....	957,582
Bennett.....	.....
Union.....	.....
Wheeler.....	.....
Wilkeson.....	.....
	<hr/>
	59,863,548

	Bushels.
Grain elevated at one-half cent	55,365,427
Elevated for canal at one-fourth cent.....	210,426
Elevated for canal at one-eighth cent.....	2,638,241
Elevated for canal free.....	1,649,454
	<hr/>
Total elevated to date.....	59,863,548
	<hr/> <hr/>
Total collections to date.....	\$301,120 21
Office expenses	3,992 06
	<hr/>
Net earnings collected to date.....	\$297,128 15
	<hr/> <hr/>

Divided as follows:

	Per cent.		Per cent.
Groups 1 and 2..	48.925	{ City A and B	17.84
		{ Erie.....	6.0425
		{ Great Northern.....	10
		{ Export	9
		{ Connecting terminal.....	6.0425
Group 3.....	37.183	{ Niagara A, B and C.....	5.480
		{ Electric	6.189
		{ Marine	5.626
		{ Coatsworth	3.327
		{ Dakota and Frontier.....	8.904
Group 4.....	4.892	{ Eastern.....	4.232
		{ Kellogg	3.425
		{ Bennett.....	3.250
		{ C. J. Wells.....	1.642
		{ Evans	1.55
Group 5.....	9	{ Exchange.....	1.50
		{ Ontario	2
		{ Union	1.45
		{ Wheeler	1.10
		{ Wilkeson	1.40

GRAIN ELEVATED FOR CANAL.

Date.	Elevator.	Boat.	Bushels elevated.	For.	Charge.
May 3	Eastern.....	Lagonda	50,000 oats	O'Brien	10
May 12	Coatsworth.....	McLachlan.....	78,056 oats	O'Brien	10
May 3	Niagara B	Bielman	138,853 oats	Swanz..	10
May 3	Ontario	City of Paris.....	110,000 oats	O'Brien	10
May 5	Exchange.....	Gratwick	112,650 oats	W. and A	10
May 8	Northern	Yuma	40,000 wheat.....	C. F. S.	10
May 10	Electric.....	Pathfinder	117,322 wheat.....	O'Brien	10
May 12	Niagara A.....	Chickamaugua	28,735 wheat.....	O'Brien	10
May 12	Niagara B	Chickamaugua	52,392 wheat.....	O'Brien	10
May 11	Northern.....	C. W. Elphicke.....	100,000 oats	C. F. S.	10
May 30	Niagara B	A. A. Parker.....	48,000 wheat.....	O'Brien	10
May 31	Eastern	Sevona	77,154 wheat.....	T. M. R.	10
June 2	Niagara A	Yakima	17,903 wheat.....	T. M. R.	10
June 5	Northern	Algeria.....	187,879 oats	C. K. & Co	10
June 3	Evans	C. Tower, jr	30,009 barley	C. K. & Co	10
June 2	Electric	Hanna	45,190 wheat.....	O'Brien	10
June 2	Northern	Neosho.....	78,900 barley	C. O. N.	10
June 2	Evans	Packer	55,025 wheat.....	C. F. S.	10
June 3	Kellogg.....	Gratwick	50,000 wheat.....	C. F. S.	10
June 2	Frontier	Gilbert	109,584 oats	C. F. S.	10
June 3	Eastern.....	Moore.....	25,000 wheat.....	O'Brien	10
June 5	Electric	Shenandoah.....	37,000 wheat.....	O'Brien	10
June 7	Frontier	Vance.....	61,350 oats	C. F. S.	10
June 6	Export	Marquette	42,254 oats	C. F. S.	10
June 7	Kellogg.....	Armour	100,016 oats	O'Brien.....	4
June 7	Eastern.....	Lansing	40,000 wheat	O'Brien.....	4
June 8	Niagara B	Orinoco	38,626 wheat	O'Brien.....	4

June 8	Niagara B	Orinoco	27,986 wheat	C. F. S.	$\frac{1}{4}$
June 8	Evans	Livingstone	75,024 wheat	O'Brien	$\frac{1}{2}$
June 12	Electric	Lackawanna	62,027 wheat	O'Brien	$\frac{1}{2}$
June 12	Kellogg	Minnesota	74,976 oats	O'Brien	$\frac{1}{2}$
June 14	Frontier	Pueblo	97,950 oats	O'Brien	$\frac{1}{2}$
June 13	Evans	Fedora	50,200 wheat	Swanz	$\frac{1}{2}$
June 14	Eastern	Drake	15,000 oats	O'Brien	$\frac{1}{2}$
June 21	Eastern	St. Paul	59,961 oats	O'Brien	$\frac{1}{2}$
June 24	Niagara B	Case	22,560 rye	O'Brien	$\frac{1}{4}$
June 24	Niagara B	Case	26,000 oats	O'Brien	$\frac{1}{4}$
June 24	Frontier	Maytham	13,000 wheat	O'Brien	$\frac{1}{4}$
June 27	Eastern	Tower	50,250 oats	H. D. W.	Free.
June 25	Erie	Ramapo	16,000 wheat	O'Brien	Free.
June 26	Electric	Ramapo	118,931 wheat	O'Brien	Free.
June 26	Niagara A	Nicaragua	24,983 wheat	C. F. S.	$\frac{1}{2}$
June 28	Electric	Brittanic	63,477 wheat	O'Brien	Free.
July 2	Northern	Appomattox	123,995 wheat	O'Brien	Free.
July 3	Electric	A. A. Parker	15,610 wheat	O'Brien	$\frac{1}{2}$
July 5	Exchange	Galatea	39,768 barley	Am. Mtg. Co.	$\frac{1}{2}$
July 6	Evans	Nicholas	99,892 wheat	C. F. S.	Free.
July 6	Niagara B	Cuba	29,990 barley	O'Brien	$\frac{1}{2}$
July 8	Evans	W. Vail	20,000 barley	O'Brien	$\frac{1}{2}$
July 8	Exchange	Colonial	53,535 barley	Am. Mtg. Co.	Free.
July 8	Exchange	Colonial	27,315 barley	C. O. G. Co.	$\frac{1}{2}$
July 5	Northern	Gilbert	38,450 oats	O'Brien	$\frac{1}{2}$
July 11	Electric	Alva	137,895 wheat	C. F. S.	Free.
July 11	Eastern	Shenandoah	109,379 wheat	C. F. S.	Free.
July 11	Niagara B	Duncan	50,000 oats	C. F. S.	$\frac{1}{2}$
July 10	Kellogg	Nebraska	50,972 oats	O'Brien	$\frac{1}{2}$
July 10	Ontario	Drake	64,247 barley	Am. Mtg. Co.	Free.
July 13	Kellogg	Orinoco	50,000 wheat	O'Brien	Free.

GRAIN ELEVATED FOR CANAL—(*Concluded*).

Date.	Elevator.	Boat.	Bushels elevated.	For.	Charge.
July 17	Ontario.....	Vance.....	50,000 oats.....	O'Brien.....	Free.
July 19	Niagara B.....	Cuba.....	49,884 wheat.....	O'Brien.....	Free.
July 18	Northern.....	Livingstone.....	47,983 barley.....	H. C. H.....	$\frac{1}{8}$
July 21	Coatsworth.....	B. W. Parker.....	57,000 wheat.....	O'Brien.....	Free.
July 21	Eastern.....	Egan.....	57,014 barley.....	E. H.....	$\frac{1}{8}$
July 21	Northern.....	A. A. Parker.....	50,000 wheat.....	C. F. S.....	Free.
July 24	Northern.....	R. Mills.....	85,181 wheat.....	C. F. S.....	Free.
July 26	Niagara A and B.....	Matanzas.....	120,000 oats.....	O'Brien.....	Free.
July 26	Niagara A and B.....	Matanzas.....	25,000 oats.....	Yantis.....	$\frac{1}{8}$
July 25	Coatsworth.....	Venezuela.....	145,033 oats.....	O'Brien.....	Free.
July 26	Eastern.....	Omaha.....	25,000 corn.....	W. and A.....	$\frac{1}{8}$
July 26	Electric.....	Mecosta.....	50,000 wheat.....	O'Brien.....	Free.
July 27	Kellogg.....	Mills.....	79,877 wheat.....	C. F. S.....	Free.
July 28	Niagara B.....	Progress.....	74,878 wheat.....	C. F. S.....	Free.

SUMMARY OF BUSHELS ELEVATED FOR CANAL AT $\frac{1}{4}$ C.,
 $\frac{1}{8}$ C. AND FREE.

Elevator.	Free.	$\frac{1}{4}$ c.	$\frac{1}{8}$ c.
Coatsworth	202,033	.....	78,056
Eastern	159,629	40,000	309,129
Electric	370,303	.....	277,149
Erie	16,000	.....	.....
Evans	99,892	.....	230,258
Exchange	53,535	.....	179,733
Export . . . . .	.....	42,254	.....
Frontier . . . . .	.....	13,000	268,884
Great Northern	259,176	.....	493,212
Kellogg	129,877	.....	275,964
Niagara A and B	120,000	.....	25,000
Niagara A . . . . .	.....	.....	71,621
Niagara B	124,762	115,172	319,235
Ontario	114,247	.....	110,000
	<hr/>	<hr/>	<hr/>
	1,649,454	210,426	2,638,241
	<hr/>	<hr/>	<hr/>

In the matter of the investigation of the New York State Commerce Commission. Hearing held at the Hall House hotel, in the village of Whitehall, N. Y., August 4, 1899.

Present: Hon. C. C. Shayne, chairman, Hon. A. R. Smith; also Hon. Ben L. Fairchild, of counsel.

The Chairman—The New York Commerce Commission will now proceed to hear witnesses regarding the Champlain canal. The purpose of holding this meeting at Whitehall is to learn from those whose business relations are with the shipping interests throughout the section served by the Champlain canal, and the proper and further requisites.

The Legislature has requested this Commission to investigate the commerce of New York State, and to consider and report as to the means for its revival.

This Commission will now come to order, and we will now hear from the first witness.

ROBERT H. COOK.

ROBERT H. COOK, being called and duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your full name Mr. Cook? A. Robert H. Cook.

Q. Where do you reside? A. At Whitehall.

Q. And your business? A. Transportation and forwarding, principally.

By Mr. Fairchild:

Q. Your business is located here at Whitehall? A. Yes, sir.

Q. How long has it been located here? A. Thirty years.

Q. "Transportation" in your business is exclusively canal transportation? A. Canal and lake; between Canada, and ports in New York and Philadelphia.

Q. On what is known as the Champlain canal and Lake Champlain? A. Yes, sir.

Q. The route is through a Canadian canal into Lake Champlain? A. Yes, sir.

Q. And from Lake Champlain to the Hudson river? A. Yes, sir.

Q. And the Champlain canal commences here at Whitehall? A. Yes, sir.

Q. What is the nature of the traffic on the canal; what kind of commerce? A. Lumber, pulp wood, iron ore and coal, principally, and general merchandise; those are the principal things.

Q. The lumber is shipped southerly, is it? A. Yes, sir.

Q. Exclusively? A. Yes, sir.

Q. And that is also true of iron ore? A. Yes, sir.

Q. And that is also true of the pulp wood? A. I should also have added pig iron.

Q. And the wood pulp is southerly? A. Yes, sir.

Q. And the coal northerly? A. Yes, sir.

Q. Do you have general merchandise that comes northerly as well as that which goes southerly? A. Yes, sir.

Q. The wood pulp—where does that go? A. Principally to Fort Edward; also to Mechanicsville, Schuylerville, and some to ports on the Hudson river.

Q. Those are where the mills are located? A. Yes, sir.

Q. And all that wood comes from where? A. It all comes—not all from Canada—but principally from Canada. They cut a little pulp wood on Lake Champlain, but it is a very small portion of it. It practically all comes from Quebec and Three Rivers, Canada.

Q. That is also true of lumber? A. Yes, sir.

Q. To some extent from the Adirondacks? A. To some extent, yes, sir.

Q. Take the iron ore; where does that come from? A. Wholly from Lake Champlain.

Q. What points? A. Port Henry and Plattsburg.

Q. Can you tell how extensive the mines are at Port Henry? A. We have shipped, in years gone by, by water, during the season of navigation, upwards of 250,000 tons from Port Henry alone. That is in addition to what went by rail. It was in the eighties, I think, we shipped that amount. There has already, this season, passed through this canal, in the neighborhood of 100,000 tons of ore from Port Henry.

Q. How does this season compare with the last season? A. That has more than quadrupled the amount of last season.

Q. How do the shipments of lumber and wood pulp compare with last season? A. All increased in amount, but not in the same proportions as the ore.

Q. Would you account for the increase of lumber shipments differently than you would account for the shipments of iron ore? A. No, sir. In my opinion it all arises from the general better condition of the country. All these industries for the past three years have been, so to speak, paralyzed, as compared with what they are now. Buildings of all kinds have been held in abeyance; but there is now a general revival of business that I attribute it to more than anything else, but that would apply more particularly to the iron business than to the lumber.

Q. Referring to the shipments of iron ore last year, for how long a time prior to that had there been such decreased shipments of iron ore? A. It extended over a period of nearly five years, but gradually growing less.

Q. Were the shipments of iron five years ago anywhere compared with the shipments of this year? A. No, sir.

Q. How far back would you have to go to indicate a year where the shipments of iron ore would approximate to the shipments of iron ore this year? A. About eight years; in the eighties.

Q. No further back than that? A. No, sir.

Q. You would not have to go that far back for lumber? A. No, sir.

Q. Have the iron ore mines been closed to any extent, that are now open? A. They have not been closed entirely; they have suspended work for a short time. They have been shipping right along, but a small amount. That grew out of the decreased cost of mining the ore in the northern sections of the lakes—Lake Superior—and the reduced transportation. This increase is caused by the inability of the Lake Superior and the southern mines to mine and get to the markets the ore that is required by the rolling mills and furnaces of Pennsylvania, really, this year.

Q. Where are the blast furnaces located for this iron ore; you said there was some pig iron traffic on the Champlain canal? A. Yes, sir.

Q. Where are the blast furnaces located? A. At Port Henry; owned by the same parties that own the ore.

Q. What is the present capacity of the canal boats for shipping iron ore? A. One hundred and fifty gross tons, on an average.

Q. What is the depth of water in the Champlain canal now? A. Boats are allowed to go drawing four feet and six inches, from Whitehall to Waterford; and coming up the canal, four feet and two inches.

Q. The proposition has been to deepen the canal to seven feet,

has it not? A. Deepen the canal so that boats could go through drawing six feet. The proposition was to deepen the canal so we would have seven feet of water, which would enable boats to go through drawing six feet.

Q. What is the rate of transportation now, the freight rate, on iron ore? A. From Port Henry to New York, Jersey City, Elizabethport and Amboy, the average rate is now ninety cents per gross ton.

Q. What is the distance between the places which you have named; between Port Henry and Perth Amboy, say? A. Pretty near 300 miles.

Q. What is the rate on pig iron? A. The same rate.

Q. Has the present capacity of the boats for iron ore been ever less than it is now? A. The rate; yes, sir.

Q. How low has it been? A. As low as sixty cents.

Q. At the present time the increased demand for transportation has increased the rate? A. Yes, sir.

Q. There is difficulty now in getting boats, is there? A. Yes, sir.

Q. Suppose the canal was improved so that the boats could draw six feet of water; how low would that make the rates on iron ore and pig iron, with increased capacity of the boats? A. It would reduce it one-half; fully that, or fifty cents a ton.

Q. Nearly one-half, and possibly more? A. Yes, sir.

Q. Can you state what effect that reduction in transportation charged on iron ore, in New York State, at Port Henry, would have on the market, where there is competition between this ore and the ore of the northwest? A. Mining facilities and other things being equal, it would enable them to meet anything, in my opinion, that they have in the way of transportation on the lakes, Lake Superior and the iron ore regions of the northwest.

Q. This is a more valuable ore for general purposes than that which is mined on Lake Superior? A. I think it is so considered.

Q. It is used for mixing, is it not, a great deal, with those ores? A. It was formerly, but science has done so much that they make iron out of most anything now.

Q. Would you have occasion to know whether the result of such improvement, and the decreased cost of transportation on the Champlain canal, would result in additional blast furnaces being built here, or along the line of the canal, within the State, for turning out pig iron? A. I should say it would. Transportation being one of the main items entering into everything, it would be so very materially reduced by reason of boats being able to carry such an increased amount, I should think the natural effect would be as you state.

Q. Where does the iron ore from these mines go to; to what blast furnaces beside their own? A. To all of the principal furnaces located in the State of Pennsylvania; Bethlehem, Birdsborough.

Q. You mean eastern Pennsylvania? A. Yes, sir; this side of Pittsburg.

Q. It goes to the various furnaces and foundries throughout eastern Pennsylvania? A. Yes, sir.

Q. Do you know to what extent the pig iron is exported that is produced from this iron ore? A. I doubt if the raw pig iron is exported to any extent. In its manufactured state it is being exported to quite an extent.

Q. I would like to ask if quite a considerable amount of iron ore is not shipped abroad at times? A. Not a large amount; perhaps 1,000 tons was sent abroad last season; to Germany, if I recollect aright.

Q. Wasn't there a larger amount than that in other years; three or four years ago? A. Not from up here.

Q. Would not the reduction in the rate of transportation on coal have the effect of sending more of the ore abroad? A. I doubt the ore—the raw material.

Q. You think the pig iron or manufactured product would be more apt to go? A. Yes, sir.

Q. None of this ore has gone to England? A. Not this season, to my knowledge.

Q. Return to the lumber; what is the freight rate on lumber now? A. From Ottawa to New York, \$2.25 per thousand feet.

Q. By what route? A. That is all water from Ottawa.

Q. Will you name the water routes that it comes through; what is the canal from Ottawa called, down to the St. Lawrence?

A. The Lachine.

Q. Is it river to the Lachine canal? A. Yes, sir.

Q. The Ottawa? A. Yes, sir.

Q. Free navigation? A. Yes, sir; all that lumber has to pay tolls on the Canadian canals.

Q. Does the larger part of that lumber originate in the neighborhood of Ottawa? A. Yes, sir.

Q. Now, from the Lachine canal? A. From the Lachine canal they follow the St. Lawrence river to Sorrel, and then the Sorrel river to what is called the Chambly canal, which canal is twelve miles in length; then they enter Lake Champlain.

Q. What is the distance, about, from Ottawa to Whitehall? A. I should say 200 miles.

Q. In connection with the route, I want to get about the distance? A. It is 150 miles through this lake—275 miles, about.

Q. Now what has been the lowest rate through the canal, the Champlain canal, on lumber? A. It has been shipped as low as \$1.75 per thousand feet.

Q. When was that? A. That was during our very, very dull season of last year.

Q. What was the average rate last year? A. Two dollars.

Q. It is also true of lumber as it is of iron ore—the difficulty in getting boats has increased the rate recently? A. Yes, sir; the increased business.

Q. Would the increased capacity of the canal, as I suggested in the question regarding iron ore; would that make a difference in the rate on lumber? A. In the same proportion as on ore; I should say seventy-five cents a thousand feet.

Q. Is that between here and Albany? A. No, sir; between Ottawa and New York.

Q. That reduction would be chiefly along this end of the line, through the Champlain canal? A. Assuredly.

Q. What result, if any, would that decrease in the rate on the

Champlain canal have on shipments of lumber from New York State, from the Adirondack mountains, that now go by rail? A. It should very materially increase the shipments by water.

Q. You think, with the rate you would then have, the railroads could not compete with it? A. Yes, sir, because the reason of the reduction would be right here.

Q. Without reference to the railroads, what effect would that reduction have on the lumber business in New York State, that would then seek the outlet, at these lower rates, through the canal? A. It should very materially increase it.

Q. It would not only increase shipments on the canal, in competition with the railroad, but it would also increase the cutting of lumber here in competition with Canada? A. Yes, sir, the reduction being at this end of the line.

Q. Is much of the lumber exported that goes down this canal, Mr. Cook? A. Not to the same extent it was a few years ago. A few years ago it was largely exported to South American ports.

Q. Would that reduction have a tendency to increase exportation? A. It would reduce the cost; the tendency would be that way; yes, sir.

By Commissioner Smith:

Q. Of course you are aware, possibly, that this Commission is expected to recommend remedies for the increase of the commerce of the State. If there is anything that you can say to us in the way of increasing the facilities of the Champlain canal, that is to say, as to the exact improvements you would recommend on the Champlain canal, we would like it to be put on the record. A. The present capacity of the locks on the Champlain canal allows a boat to pass through those locks drawing six feet of water. Through the prism of the canal, between these locks, they are only allowed (on account of its not being excavated) to draw four feet and four inches. It would seem to me that if the canal was enlarged and deepened to allow boats to pass through the prism drawing six feet of water, it would answer all requirements for some little time on this canal.

Q. Are you in a position to state approximately, what that excavation would cost? A. No, sir; that is more of an engineering matter.

Q. Are the locks of this canal the same size as the locks of the Chambly canal, or are the Canadian canals larger? A. They are wider; larger.

Q. Could you say how much difference? A. I should say the Chambly locks are four feet wider.

Q. Any deeper? A. Not to any extent; not to exceed six inches, or something like that.

Q. The depth here on the mitre sill is seven feet, is it not? A. No, sir; boats can pass through this lock drawing six feet of water. You should have the Superintendent of Canals here, who can answer that question correctly.

Q. Even if the prism of the canal was deepened, it would not accommodate boats of a size adapted to the Canadian canals then? A. It would not accommodate Canadian bottoms, but it would accommodate American bottoms that use our Champlain canal.

Q. And boats built to conform to the size of our locks? A. Yes, sir.

Q. Is it American boats entirely that bring this lumber down from Ottawa? A. Yes, sir.

Q. If, of course, the locks were greater than their present size, boats would be built of a larger size to go to Ottawa? A. Yes, sir.

Q. Perhaps you have heard that there is considerable discussion of increasing the size of the locks on the Erie canal. The proposition is to make them about twenty-six feet wide and ten feet deep. If the locks of the Champlain canal were enlarged to that same size, would it still further reduce the cost of transportation? A. Not unless you enlarge the prism accordingly.

Q. I mean conforming the prism to that size of lock. A. Yes, sir.

Q. If the State should decide to increase the size of the Erie locks, as I have stated, would you think it desirable to increase

the size of these locks to conform to that size? A. That is not really required at present.

Q. Are they building many boats for this size canal now—for this Champlain canal? A. Yes, sir.

Q. Do you keep up your canal boat facilities, tonnage? A. It has been left in abeyance for the last few years. It started again last winter, and all our yards are building boats now.

Q. You are building boats all along the canal now? A. Yes, sir.

Q. If the Erie canal locks should be widened, it would have a tendency to send all the old boats here, would it not, and you would not probably build so many boats here? A. Yes, sir.

Q. That would have a depressing effect upon the facilities of this canal, would it not; if they brought all their old and worn-out boats here it would result in increased insurance rates, etc., and overcome the tendency to a reduction in freight or transportation rates? A. No, sir; boats that are now carrying grain on the Erie canal would be adapted to carrying lumber, ore and the coarser traffic of this canal for a long time to come.

Q. You think it would be no detriment if vessels classed out of the grain trade on the Erie canal should come here? A. No, sir.

Q. They could be used here for a coarser grade of traffic, as well as new boats? A. Yes, sir.

Q. And you think the interests served by this canal would be well satisfied by having the prism conform to the present size of the Erie canal, adapted to boats drawing six feet of water? A. Yes, sir.

Q. And do you think in saying that, that you represent the general views of the people along the canal here, forwarding and navigating on it? A. I do.

Q. Will you state what the rates on coal now are, about, from New York ports to Lake Champlain ports—to Whitehall? A. It is now ninety cents per ton; it will be easily reduced one-half by enlarging the prism.

Q. Where does that coal come from? A. From Rondout, New-

burgh, Jersey City; it comes by cars through to tide water, and we take it then.

Q. That reduction in the coal rate would also have an effect on the creation of blast furnaces here, would it not? A. Yes, sir.

Q. What is the rate on lumber from the section where it is cut in New York State, to New York. A. One dollar and twenty-five cents per thousand from lake ports to New York.

Q. And what reduction would be made in those rates as a result of the improvement? A. Easily fifty cents per thousand.

By Mr. Fairchild:

Q. In walking over the bridge here I noticed they were transferring pulp wood from one boat to the other; could not that be obviated and thus save quite an expense? A. Yes, sir.

Q. How could that be remedied? A. With the improvement suggested the boat would go directly through with her whole cargo without having to transfer a part of it to another boat.

Q. That can be remedied by enlarging the locks and the prism? A. The prism alone.

Q. That would enable the shippers to ship at much less a rate than they are compelled to pay now on account of that expense? A. Yes, sir; it does away with the handling of it here and the charter of a different boat to carry that part of the cargo.

Q. And if the State should adopt your recommendation that great expense would be saved? A. Yes, sir.

Q. The only trans-shipment that is made is of lumber and of wood pulp? A. Yes, sir; and that is because it comes from Canada, such a long distance. The iron ore comes from Port Henry, only forty miles from the opening of the canal here, and they load the boats just as they are adapted to go through the canal, as the distance is so short it would not pay to trans-ship.

Q. Then the pulp wood being a very important factor in your commerce here, and it being necessary to transfer it from one boat to another, would you recommend that the first im-

provement of the canal prism should be between Fort Edward and Whitehall? A. Yes, sir.

Q. That takes in the section where the pulp mills are? A. Yes, sir.

Q. It would be desirable to increase the prism there first, because it would save this transfer? A. Yes, sir; I say that because Mr. Coolidge will swear to it.

W. FRANK BASCOM.

W. FRANK BASCOM, being called and duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name, Mr. Bascom? A. W. F. Bascom.

Q. Your residence? A. Whitehall.

Q. Your business? A. Insurance; principally marine insurance.

By Mr. Fairchild:

Q. Have you any other business besides insurance? A. No, sir.

Q. Were you formerly in the transportation business? A. A good many years ago.

Q. How long have you been in the insurance business? A. Twenty years.

Q. And before that? A. In the transportation business and lumber.

Q. On the Champlain canal? A. Yes, sir.

Q. Your business is to insure freight that goes through the Champlain canal? A. Principally hulls.

Q. What are the rates on cargoes going through the Champlain canal? A. Cargoes of lumber are not insured.

Q. You insure the hull? A. Yes, sir; but lumber cargoes are not insured. Cargoes of iron ore are sometimes, but not often. Under the present plan of insurance the rate that we get is highest now, and operates into the fall, in November, the shipping month of November.

Q. What is the insurance rates on hulls of boats going through Lake Champlain? A. From one per cent. to two and one-half, according to the character of the boat, condition, age, etc.

Q. Have those rates prevailed for a long time past? A. Yes, sir.

Q. Would the improvement of the canal, and the placing of new boats on the canal, make any difference in the insurance rates? A. I don't think it. The hazard of navigation would continue, because they carry on the lake and on the Hudson river.

Q. Do you know what the condition of the canal is? A. Yes, sir; in a general way.

Q. Will you state what it is? A. In the first place there is not enough depth of water. Again, there is not enough width of prism, and it would be very desirable in my judgment (although it would be a large expense) to have larger locks, not only giving boats increased draft of water, but by enlarging the locks both in width and in length, it would enable larger vessels to navigate the canal. Of course, the increased draft would give them an additional tonnage, but by being wider and longer they would carry still more.

Q. Have you formed in your mind just what size you would recommend as the result of your experience? A. I think an additional width of four or five feet and an additional length of twenty-five feet. I think that the Canadian canals (that is, the Chambly canal, which is about the only one American boats would navigate), I think the boats there are about some 125 feet long, as against ninety-eight feet here, and about twenty-one or twenty-two feet wide, as against seventeen feet here.

Q. What is the size of the Erie canal? A. I do not know positively, but they are not very much longer or wider than our boats.

Q. They would not be long enough for this purpose of which you speak if they were transferred to Lake Champlain? A. Not to meet the increased weight and tonnage, except so far as they would increase by increased draft of water. The prism

of the canal would have to be altered to some extent to avoid the curves. It would have to be widened, and even if the draft of water is increased the prism ought to be materially widened on the bottom. It is wide enough at the top, but with the shelving walls and banks there is very little room for boats to meet and pass.

Q. Is the condition of the banks of the canal a factor in fixing rates of insurance now? A. No, sir.

Q. Are they considered in a pretty safe condition? A. So far as hazard is concerned, I think so.

Q. Are they in better condition than they were four or five years ago? A. I think they are in a general way. Whatever new work has been done has improved them, strengthened them and made them more solid.

Q. Has there been any reduction in insurance rates as a result of improvements already made? A. No, sir; insurance rates are written by the year, and they cover from Philadelphia to Quebec or Ottawa, taking in lake and river navigation, and about New York harbor, so that canal conditions would not materially change the insurance rates.

Q. You have heard Mr. Cook's testimony regarding the reduction of freight rates on lumber and iron ore and pig iron, as a result of the increased capacity of the boats that would result from the deepening of the canal; would you accord with the figures that he gave as to the reduction of rates? A. I have never given very much thought to that. Of course, the rates would be very materially lessened; whether in the proportions that Mr. Cook states, I don't know. He has facilities for knowing more than I, but I should think he is about right.

Q. Then it would be true that if the canal were further improved by the widening at the bottom and by enlarging the locks, that the increased tonnage would result in a still further reduction of rates than those given by Mr. Cook? A. Yes, sir; on the principle that the larger the cargo the cheaper the rate.

Q. And that reduction in rate would inure to the benefit of New York iron mines in competition with others to that extent? A. Yes, sir.

Q. And would result in the erection of blast furnaces in New York and in the competition of New York lumber as against Canadian lumber; all that competition would still further be helped by such enlargement? A. Yes, sir.

JAMES H. BURDETT.

JAMES H. BURDETT, being called and duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name, Mr. Burdett? A. James H. Burdett.

Q. Where do you reside? A. Whitehall.

Q. What is your business? A. Lumber.

Q. Lumber dealer or lumber shipper? A. Lumber dealer.

By Mr. Fairchild:

Q. How long have you been in the lumber business here in Whitehall? A. For myself, eleven years past; I have been in it altogether twenty-eight years.

Q. Your business is to purchase from the sources of supply and sell to lumber merchants, mostly in New York? A. Yes, sir.

Q. And your lumber is shipped entirely by the canal? A. No, sir; we ship by rail and canal, too.

Q. What proportion of your shipments are by rail and what by canal? A. I should say the larger portion of our shipments are by rail. A great deal of our shipments goes to places where there is no canal. Of course, where we can ship by canal, the bulk is shipped by canal.

Q. Because you can ship at a cheaper rate by canal? A. Yes, sir; where we can get it by canal and rail, we generally prefer the water shipments.

Q. You can ship lumber with equal facility by rail or by canal; what is the difference between the rail rate and the canal rate? A. The water rate is usually a little lower; about twenty-five cents a thousand. The railroads keep their prices down and get

all then can; usually a little more. You get a little quicker shipment by rail than by canal, and the railroads, I presume, take advantage of that and keep just above the canal rates.

Q. Is there any hesitancy about the responsibility of canal boat owners? A. No, sir; we do our shipping through responsible forwarding agents.

Q. Where do you get the lumber that you ship by rail? A. Principally from Ottawa. There are other places—Harrisburg, Rockland. Those places, on the Ottawa river, is where the bulk of it comes from.

Q. To what extent do you get lumber in New York, and from what places? A. Quite a good deal from Plattsburg; and from Norwood, on the O. & L. C., in the Adirondacks. Our northern lumber is chiefly shipped by car, and mostly goes to places where the canal does not run.

Q. What difference would it make, in your opinion, in the rate on lumber, if the canal—the Champlain canal—was improved by deepening to seven feet? A. I should think it would make a difference of at least one-third on lumber.

Q. Suppose, in addition to the increased depth, the Champlain canal was widened at the bottom, and the locks enlarged, as suggested by Mr. Bascom, the last witness, what greater difference would that make? A. That is a question to which I have not given a great deal of thought, but I would say readily it would make it quite a little more; perhaps make a difference of forty per cent.—I would say that, offhand.

Q. You think it would make a difference of forty per cent.? A. I should think so, if the boats can carry half as much again. I don't see why they cannot. They can make the same trip in the same time, having a larger load each way. It would take a trifle longer to put it on and take it off, but that difference would not be much in the way, and they could afford to carry it cheaper and reduce the rates at least forty per cent.

Q. With your experience as to railroad freight rates, would you say that the railroads could or could not compete with the canal freight rates, as a result of such increased capacity of the

canal boats? A. They have always done it. I don't know whether they would meet it or not. They have got all they could get out of it, and as a general thing their rates are a trifle higher, but not much higher. In some places they get a little quicker dispatch and get a little more out of it.

Q. If they were able to meet it, it would result in larger shipments from our lumber regions, by railroad as well as by canal, by reason of the lower canal and railroad rates? A. I think it would in this way: By getting a cheaper rate of freight we would be in shape to meet the competition we get from the west. They can carry larger loads on the canal, and the result is they can do it cheaper and give lower prices on the goods. They do do it. At the present state of the Champlain canal we cannot begin to carry with the western boats, and on the same class of lumber we have to pay a higher freight rate; and speaking of my own experience, it is a hard competition, just as a matter of freight.

Q. You have heard Mr. Cook's testimony regarding the effect on the New York lumber regions in competition with the Canadian, by reason of the fact that this reduction of rate would be at the Champlain canal end of the route; would you agree with that testimony, that there would be more shipments of our lumber in competition with Canadian lumber as a result of such improvement? A. I think so. They being so much nearer, they could put on a full load and go right through, as compared with Canadian bottoms (which we call a double load), which would have to be "lightered" off.

Q. The Canadian bottoms can carry a double load as far as Whitehall? A. Yes, sir.

Q. And as to New York State, they load on a smaller bottom in the first instance? A. Yes, sir.

Q. In the matter of loading and unloading the lumber that is brought by canal and by rail, are the conditions the same? A. No; the boat captain has to load and unload his own loads. In the matter of cars, the shipper has to load the cars and the party receiving it unload it. The railroad does nothing but haul it.

Q. That is quite a difference, is it not? A. Yes, sir.

Q. Do you do much of a business by rail? A. Yes, sir.

Q. More than by canal or lake? A. Yes, sir.

Q. Do the railroad agents offer you a yearly rate based upon doing all of your business with the company, with a different rate for a portion of it? A. No, sir; unfortunately, we have only one railroad here and they show us no favors.

Q. They never did offer you a reduction under the rate they have given you, if you did all your business with them? A. No, sir; not so far as my lumber was concerned. I used to be connected with a mercantile business, and they used to get goods from New York, and the railroad would make special rates if we would bring all by rail. We used to ship by Hudson river boats, and they made a proposition based upon our bringing it all by rail.

Q. Did you find it to your advantage to accept their offer in that respect? A. No, sir; the water transportation was always superior in point of cheapness to that of railroads. We never brought any by rail except where we could not do otherwise. From New York we had them brought up by boat to Albany or Troy and then took them by rail. Our business was not enough to put it all on boats (our business was small) so we brought it by rail the balance of the way—from Albany and Troy.

Q. You speak of being in a mercantile business; has that gone out or have you sold your interest? A. Sold out.

Q. The business exists just the same? A. Yes, sir.

Q. What is the name of that railroad, which is the only railroad in this section? A. The Delaware and Hudson—the D. & H.

Q. The only competitor to the D. & H. in this region throughout, around the Adirondacks and Plattsburg, is the Champlain canal? A. Yes, sir.

Q. And that is the railroad which has recently announced that they would close their own canal? A. Yes, sir.

Q. How long a "lay" day do the canal give you when you ship by boat? A. We never had any trouble that way and never had

occasion to use it. Whenever you have occasion to use it I believe the cost is \$3.

Q. Does the railroad offer you any facilities, by way of storage, superior to that given by canal boats? A. No, sir; they have a rule that the car shall be unloaded in forty-eight hours or pay demurrage.

Q. Are there any arrangements, called "stop over," that are beneficial to you? A. Yes, sir; we get a rate from Ottawa to New York; a certain rate, by all rail, fifteen cents on 100 pounds to New York. We have a "stop over" privilege—the privilege of stopping the lumber and having it dressed, paying \$2.50 for the "stop over" privilege.

Q. Two dollars and fifty cents for what? A. For the car.

Q. You find it to your advantage to use that privilege? A. Yes, sir.

Q. And is the business of such a character that that privilege could not be availed of in water transportation? A. It could be used, but the bulk of our trade is by car shipments, owing to the condition of things. A great deal of our trade is to interior points, where the line of the canal does not extend, and they are accustomed to buying carload lots; and consequently they do quite a business under that system.

Q. What is the nature of that "dressing?" A. It comes to us in the rough, and it has to be tongued and grooved, and made into clapboards and ceiling, etc.

Q. And you take it out of the car and put it back into the cars? A. Yes, sir.

Q. And for the privilege of doing that you pay? A. Yes, sir.

Q. And because of that privilege it is an inducement for you to ship by rail? A. Yes, sir.

Q. If this expense of unloading and reloading from one canal boat on to another, if that was removed you would then ship more by canal? A. Yes, sir.

Q. Would it not cheapen it? A. Yes, sir.

Q. What do these boats that carry the lumber down carry back, mostly? A. Coal.

Q. From here, back? A. Yes, sir.

Q. Do they carry into Canada to any amount? A. Yes, sir; the D. & H. have a place down here on the lake where they put it onto dumps, and load it from there onto boats going into Canada.

Q. Any particular kind of coal—anthracite or bituminous? A. Anthracite, mostly.

Q. Are you familiar with that business? A. No, sir; only in a general way.

Q. When the railroad transfers to boats the coal that is shipped into Canada, do they operate their own boats? A. No, sir.

Q. They pay the owner of the transportation lines—the transportation line freight rates for that coal? A. Yes, sir.

Q. They have railway connections all the way to Canada? A. They do on one side of the lake, but not on the Vermont side, so called. I believe they ship a great deal by water on account of doing it cheaper than they can by rail.

Q. They certainly do not ship it by water, using another transportation line because it costs them more than by rail? A. No, sir.

Q. Who would be the official of this railroad, do you think, who would be best able to tell us the cause of that shipment here? A. Mr. Bascom, who manages the coal department here.

Q. He is not in the room? A. No, sir.

Q. Is he in the city? A. Yes, sir; I think he is down at the shipping station, which is about one and one-half miles down the lake.

Q. There is a large amount of freight of a kind that the canal does not compete with the railroad on? A. Yes, sir; perishable goods and the like of that.

Q. Package freight that is not perishable? A. Yes, sir; quite largely.

Q. Do you know how the rate on such classes of freight compares with the rate on similar freight in sections where they have competing railroad lines? A. I could not say.

Q. Have you ever heard any complaint of high rates in this

section? A. I have heard some of the merchants complain. In fact, I know that quite a number of the merchants bring up by canal on that account.

Q. Well, as to freight that cannot come by canal, you have heard complaint made because of the high rates on this road?

A. In this section; yes, sir.

WILLIAM F. CODY.

WILLIAM F. CODY, being called, and duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name? A. William F. Cody.

Q. You reside where? A. In Whitehall.

Q. What is your business? A. I am employed as clerk in the canal collector's office.

By Mr. Fairchild:

Q. Are you what is called a statistician? A. Yes, sir.

Q. Is it a part of your duty to compile statistics as to the commerce that goes through the Champlain canal? A. Yes, sir.

Q. How recently have you compiled those statistics? A. I have been there four years now.

Q. To how recent a date have you compiled them? A. To the 31st of July.

Q. Have you any compilation showing the items of the amount of freight shipped on the Champlain canal in the year 1896? A. Yes, sir.

Q. This paper that you hand me is a correct compilation for that year, is it? A. Yes, sir. That is going clear through the canal, you know. This (showing paper) is a way freight.

By Commissioner Smith:

Q. In the report of the Superintendent of Public Works are those same figures incorporated? A. Yes, sir; those are a copy.

Q. In the report of the Commissioner of Public Works a copy of those are contained? A. Yes, sir.

Q. Separate from the Erie; from other lines? A. Yes, sir. They are in a book.

Q. In the exact form as you have them here? A. No, sir. They copy them under a different head. All lumber shipped south, they call it west. They call it east and west, instead of north and south. All the shipments of freight or property east or west is contained in the Public Works Department, and is combined with the Erie, Champlain and different canals of the State.

Q. Not stated separately? A. Not separately, but in a book form; they are all together.

Q. A copy of those (indicating reports) are filed? A. Yes, sir; we keep one, and file one in Albany.

Q. Itemized as to each kind of freight? A. Yes, sir.

Q. And as to the price—everything that is contained in these sheets is contained there? A. I don't think the price is contained, but the total value is contained; but not the price of each article separately.

Q. Those are contained in the Superintendent's report? A. Yes, sir.

Q. Is that also true as to the statistics of 1897 and 1898? A. Yes, sir.

Q. But not of 1899? A. It is not yet compiled for the season.

Q. Have you the compilation of the season up to July 31, 1899, with you now? A. Yes, sir. This is up to the 1st of July; and I just took this (indicating sheet) off for the "Whitehall Times."

Q. Commence first with the statement up to the 1st of July? A. Shipments of lumber from the north (that is, passing through the canal going south) were:

Lumber, feet.....	12,262,338
Pulp wood, pounds.....	58,822,400
Hay, pounds.....	5,508,410
Pig iron, pounds.....	7,179,600
Stone, lime and clay, pounds.....	336,000
Iron ore, pounds.....	121,842,560
Sundries (things not specified), pounds.....	441,550

That is the year 1899, to July 1st.

This is going north:

Pig iron, pounds.....	2,114,560
Slate (foreign and domestic), pounds.....	2,329,727
Iron (iron and steel, the heading is), pounds.....	1,187,207
Sugar, pounds	833,435
Merchandise, pounds	6,598,712
Stone, lime, clay and sand, pounds.....	19,118,335
Coal (anthracite and bituminous), pounds.....	162,288,980
Lumber, feet.....	566,000
Sundries, pounds.....	644,960

Q. Give your compilation for the month of July? A. Going south:

Lumber, feet.....	7,904,643
Shingles, thousands	30
Timber, cubic feet.....	2,000
Cordwood, cords.....	260
Pulp wood, pounds.....	52,729,600
Hay, pounds.....	8,842,810
Pig iron, pounds.....	672,000
Iron ore, pounds.....	63,156,800
Stone, lime and clay, pounds.....	1,023,680
Sundries, pounds.....	734,000

Going north:

Lumber, feet.....	257,000
Castings and iron wire, pounds.....	972,000
Domestic slate, pounds.....	535,630
Foreign slate, pounds.....	306,900
Iron and steel, pounds.....	645,265
Merchandise, pounds.....	889,650
Stone, lime and clay, pounds.....	10,497,573
Coal (anthracite and bituminous), pounds.....	64,413,419
Pig iron, pounds.....	313,600
Sugar, pounds.....	336,000
Molasses, pounds.....	313,080

Q. At the time of the "clearances" you make a record of each clearance? A. Yes, sir; each boat, the name, the hailing place, where she was loaded, where she is going, captain's name, cargo, and the amount and the material.

Q. These compilations that you have given were made by you from such original records? A. Yes, sir.

Q. You know them to be correct? A. Yes, sir.

Q. In regard to the pig iron—do you know its destination? A. Yes, sir; it went to Canada.

EDWARD P. NEWCOMB.

EDWARD P. NEWCOMB, being called, and duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name? A. Edward P. Newcomb.

Q. Where do you reside? A. At Whitehall, N. Y.

Q. Your business? A. Transportation.

By Mr. Fairchild:

Q. How long have you resided in Whitehall? A. Forty years.

Q. Have you been in business all that time here; in the transportation business? A. For twenty-five years.

Q. Are you familiar with the shipments of coal, northerly, by the D. & H. C. Co. railroad? A. To a certain extent.

Q. Do you know to what extent they ship coal by the lake, northerly, into Canada, from their terminus here? A. They have a transfer station here in Whitehall, from which they ship several thousand tons into Burlington each year, and also into Plattsburg, and ports along the lake—Westport, etc., and a large tonnage into Canada.

Q. They have no canal line of their own? A. No, sir.

Q. And when they ship by boat they pay the same rate as anybody else, to the transportation company? A. Yes, sir.

Q. Do they ship any coal all the way through, by rail? A. Yes, sir.

Q. Do you know how their shipments of coal by rail compare

with the shipments by canal and lake? A. No, sir; we have no means of ascertaining those facts.

Q. Will you give such information as you have regarding the matter of their shipments of coal to these points that you have named on the lake? A. I know that they ship to Plattsburg, N. Y., a large tonnage every year; from 5,000 to 6,000 tons from the "Elbow" station here. Also about the same amount to Burlington, Vt.

Q. Does their road go to Burlington and Plattsburg? A. It goes to Westport and Plattsburg; and their connecting line of road goes to Burlington by way of Rutland. I understand they ship a large amount to Burlington by car, also.

Q. What is the price of coal here, at Whitehall? A. Four dollars and fifty cents per ton.

Q. For anthracite? A. Yes, sir.

Q. How does that price compare with prices in the interior? A. Anywhere from \$1.50 to \$2 a ton less.

Q. Will you name points in the interior where you know the prices, and name the price at each place? A. The price of coal at Fair Haven, nine miles from here, or from the canal, is about \$5.75. The difference in the price per ton allows teamsters at Fair Haven to come to Whitehall, buy coal, team it to Fair Haven, compete with the railroad, and make a fair living for the team.

Q. As to points further inland, too far to admit of hauling, what is the rate? A. That is anywhere from \$2 to \$2.50 per ton higher. At Rutland, Vt., it is said to be \$2 per ton higher.

Q. At the point where the locality has the benefit of canal competition the lowest price is reached? A. Yes, sir.

Q. And where the locality has the benefit of canal competition and cartage, the next lowest point is reached? A. Yes, sir.

Q. When you get into the interior, where the locality is entirely dependent upon railroad transportation, the highest point is reached? A. Yes, sir.

A subpoena was issued by the chairman to R. E. Bascom, agent for and manager of the D. & H. C. Co. R. R. transfer coal-ing station at Whitehall, N. Y., but was returned by the officer "not found."

Hearing concluded.

A hearing of the New York Commerce Commission was held this day, August 31, 1899, in the board of managers' room of the Produce Exchange, New York city.

Present: Hon. Charles A. Schieren, chairman, Mr. C. C. Shayne, Mr. Hugh Kelly, Mr. A. R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman, in calling the Commission to order at 11.05 o'clock a. m., stated that the package trade would be the subject of consideration during the session.

HENRY J. GREENBANK.

HENRY J. GREENBANK, being sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Henry J. Greenbank.

Q. And what is your residence? A. New York city.

Q. And your place of business, New York city? A. Yes, sir; the Produce Exchange.

Q. What is your business? A. Flour.

Q. What branch of the flour trade? A. Handling spring wheat flour.

Q. For export, or for local consumption? A. For local consumption.

Q. How long have you been engaged in that business? A. In the neighborhood of eighteen or twenty years.

Q. Is there any flour carried by the Erie canal coming to New York at the present time? A. I don't know of any being carried by the canal at this time.

Q. Was there a time when flour was carried by the Erie canal? A. Yes, sir.

Q. Has it been a long or a short time since flour ceased to be carried in quantities on the Erie canal? A. Quite a long time.

Q. The flour that you handle comes from the west? A. From Duluth, Minn.

Q. Do you represent any flour mills in Duluth here in New York? A. I represent the Duluth Imperial Mill, at Duluth.

By Commissioner Smith:

Q. At Duluth? A. Duluth, Minnesota.

By Mr. Fairchild:

Q. They export flour as well as send it to New York for local consumption? A. Yes, sir.

Q. When they export flour, is it sold from New York, or from Duluth? A. It is sold from Duluth and shipped on a through bill of lading.

Q. Is that a rule that prevails altogether as relates to export flour? A. Not altogether, but I should say in the majority of cases, in the majority of shipments. More or less it is shipped from the seaboard by what we term local exporters.

Q. Those are the eastern exporters? And as to the western exporters their export business is done almost entirely on through bills of lading? A. Yes, sir.

Q. And the foreign purchaser deals directly with the western man? A. Yes, sir.

Q. I suppose, for that reason, with the exception of the eastern exporters, the flour men in New York handle largely for local consumers, or for local consumption? A. I should say the majority of flour handlers in New York city handle for New York consumption, or local consumption.

Q. Has your attention been called to the reasons why flour, the principal reasons, why flour has not in recent years been shipped to New York by the canal? A. Not particularly. There is not much doubt that if we shipped by the canal it would be landed here at a less cost to the miller.

Q. That would be a reason why it should be shipped by the canal? A. Yes, sir.

Q. My question is, in view of the fact that it could be shipped by the canal at a less cost, how is it that no flour is shipped here over the canal? A. I beg pardon; I think it is on account of the terminals here as well as in Buffalo. To have flour shipped and handled properly by the canal, in my judgment, there ought to be a canal terminal here, the same as the railroads have terminals.

By Commissioner Smith:

Q. You mean shedded piers for local use? A. Yes, sir; take the canal district, there ought to be a local pier down there, a pier with a shed over it, so we could handle through flour properly, instead of being as it is now, an open pier with no protection whatever.

By the Chairman:

Q. Is there a local pier on the North River for canal boats? A. I don't know about that.

Q. You do not think that there is a pier? A. No, I don't know of any pier on the North River where canal boats land.

Q. At Fifty-fourth street there is a pier that is devoted entirely to the canal business? A. That is of late, I believe, I don't know whether they are handling any stuff there or not.

By Mr. Fairchild:

Q. What is known as the flour district is also what is known as the canal district, is it not? A. Yes, sir.

Q. The canal piers are piers three to eight, inclusive, East River, are they not? A. As I understand it, yes, sir.

Q. Has any effort been made, to your knowledge, in recent years by the western mills to ship flour by the canal to New York? A. They took this matter up with Mr. Wiman.

Q. Mr. Erastus Wiman? A. Mr. Erastus Wiman. As I understand it, he had full authority from a number of the head millers of the Northwest to perfect, if possible, the shipment of flour by the canal.

Q. Did that include, among others, the one that you represent, the Duluth mill? A. Yes, sir; I am sure about that part of it as to our own mill.

Q. Did those arrangements reach a point where a contract was made with Mr. Wiman for the shipment of flour? A. Yes, sir.

Q. Do you know whether the flour, subsequent to the making of that contract, was shipped or was not shipped as a matter of fact? A. It was not shipped.

Q. Do you know why? A. Because Mr. Wiman was unable to perfect the arrangements at this end.

Q. In what respect? A. Through being unable to secure the local terminals, and also some legislation at Albany.

Q. Relating to the terminals? A. Relating to the canal in general and also the terminals.

Q. Would you say that it was essential to have, among other terminals in New York, terminals in what is known as the flour district or canal district? A. I should think they would have to have them there to make it a success.

Q. And the lack of such terminals alone would make it impracticable to ship flour by the canal to the flour district? A. For local consumption it would.

By the Chairman:

Q. How about export? A. For export, of course a local terminal in the flour district would not be needed.

Q. They could load anywhere? A. Anywhere alongside the vessel. If the canal boats stopped at Fifty-fourth street, for instance, they could be sent from there alongside the vessel for export. That would not have to be handled, as I see it, at the local terminals which would be here in the canal district.

Q. Is there any flour shipped by the canal for export? A. I could not say this year, but there has been more or less in previous years.

Q. None this year? A. Not that I know of.

Q. What is the reason, what is the cause? A. As I understand it, it is on account of the handling of it at this end and the handling through the canal.

It is not a question of freight charges? A. I am not prepared to say that, as I am not in the export business. I have only general knowledge. I am not acquainted with these facts.

Q. You do not know whether the railroads can afford to ship it cheaper than the canal? A. No, sir.

By Commissioner Smith:

Q. If you don't need terminals for your export business in the flour trade, what is the reason it is not brought by the canal? A.

They do need terminals somewhere up the river, the North River, somewhere of some kind.

Q. I understood you to say that they do not need terminals for the export trade? A. I am not fully acquainted with the export business and I don't know what kind of terminals they would need.

Q. Do you mean a mooring place, or a transfer house on the shore? A. A mooring place, a landing place.

By Mr. Fairchild:

Q. You have already testified that under present conditions business—the export business—is done from the west almost entirely by through bills of lading; those through bills of lading are usually by lake and rail, are they not? A. Yes, sir; at this season of the year, of course.

Q. Under present conditions bills of lading cannot be used over the canal—through bills of lading? A. No, I should not think so.

Q. That of itself would give an advantage to the railroads over the canal? A. Yes, sir; if a certain line of transportation boats from the northwest would issue bills of lading to ship by their route they certainly would not send the stuff by the canal; they would send it by the line of roads with which they are working.

Q. You have testified that one essential to a terminal in New York is that the terminal should be in what is known as the flour district or canal district; is it equally essential that the piers at those terminals for the reception of flour and package freight should be shedded? A. Yes, sir.

Q. Is it equally essential that there should be a custodian in charge? A. I should say so.

Q. To receive and care for it while in custody? A. I should say so, certainly.

Q. How much of an element would a reasonable time of free storage be? A. The time of free storage on a local terminal could be many times from twenty to thirty and forty days.

Q. Aside from the question of free storage, the time that would

be necessarily taken in removing a load of flour from the dock would require more than twenty-four hours, would it not, say 2,500 barrels? A. A cargo, yes, sir.

By the Chairman:

Q. You mean that free storage should be had on the dock? A. Yes, sir.

Q. It would take an immense dock to give free storage of twenty or thirty days for the number of boats that would land and take advantage of the storage? A. That matter could be regulated. If I should have, say 2,000 barrels of flour at Fifty-fourth street, which came down by canal, I would not necessarily want all of that flour down at the local terminal. I would not necessarily store it all there. I might order a quarter of it down, and have it moved usually inside of twenty days, may be inside of ten days. The point is to give us facilities at the local terminals that will balance the facilities that the railroads give us.

Q. How long do the railroad companies give the privilege to store? A. Twenty days at their terminals on the other side.

Q. How many on the New York docks? A. It is four days at the New York docks.

By Mr. Fairchild:

Q. What effect on the rates of flour from the west would you say the affording of the facilities that you have suggested for canal facilities, would have? A. Do I understand you to mean the rates of freight per barrel?

Q. As between what the rate now is, and what it would likely be? A. I am not posted to answer that.

Q. What is the rate at the present time from Buffalo to New York? A. I should say in the neighborhood of ten cents a hundred pounds.

Q. What was the rate provided for in the contract between your mill and Mr. Wiman? A. The details of that contract I am not so thoroughly posted about, but if my memory serves me right it was in the neighborhood of six cents.

Q. What is the rate from Duluth to New York by lake and rail?

A. Sixteen cents and a half per hundred pounds.

Q. Six and a half cents per hundred pounds for the lake transit and ten cents for the rail? A. I think that is about the proportion.

Q. Is there any charge for handling at Buffalo? A. No, sir.

Q. Would it be possible to have so substantial a reduction of the rate on flour for local consumption without having a similar effect upon the export rate by way of New York? A. I should think that the lower rate to New York by canal would certainly effect the through export rate, make it lower.

Q. The effect would necessarily be, would it not, of either reducing the export rate on through bills of lading, or of having the flour come to New York and sold from New York? A. Yes, sir.

Q. In those negotiations to which you referred regarding a contract with Mr. Wiman, were you brought in contact with Mr. Wiman yourself? A. Yes, sir, I met Mr. Wiman several times and talked over matters with him.

Q. To what extent did you find that Mr. Wiman has made a study of this question of package freight? A. To the extent of devoting all of his time, energy and ability to perfecting this canal business.

Q. As relates to package freight? A. As relates to package freight and the carrying of flour.

Q. Did you say how long you had been in the flour business? A. Have been in the business about eighteen or twenty years, not all of that time in New York though.

Q. Did you find as a result of your interviews with Mr. Wiman that his conclusions from the study he had made of the question, were practical? A. I did, most decidedly so.

Q. And you found that they had reached a point where the one thing that prevented a culmination of them was the inability to get the terminals in New York city? A. Yes, sir.

By the Chairman:

Q. Is it true that discrimination is made between freight to Liverpool and to New York from Duluth? A. I don't think there is much doubt about it. I cannot give you the figures.

Q. Is it true that a barrel of flour is shipped as cheaply to Liverpool as it is to New York? A. I would not want to state it as a positive fact, but I don't think there is any doubt about it.

Q. It is as cheap to deliver it in Liverpool as it is in New York? A. I think so, but I cannot state positively.

Q. That is your best belief? A. Yes, sir.

Q. What is the freight between New York and Liverpool on a barrel of flour? A. I don't know.

Q. On a shipment of flour? A. I am not posted.

Q. You are not posted as to the freight charges from here to Liverpool? A. No, sir.

Q. Are you in the export trade? A. No, sir; I do not do anything but local business, strictly local.

Q. But you stated now that from Duluth, or shipping points west, flour in barrels is delivered as cheaply at Liverpool as in New York city. A. I think there are times when it has been.

By Commissioner Shayne:

Q. By way of New York or Boston? A. I am not posted on that.

By Commissioner Smith:

Q. How much flour is shipped from Duluth down to the Atlantic ports, including Newport News and Baltimore, every year, so far as you know? A. I could not answer that.

Q. You have no idea? A. No, I could not answer that.

Q. You do not know the amount for local consumption in the seaboard cities? A. No, sir.

Q. Would it reach 1,000,000 barrels a year? A. I don't think there is any doubt about that.

By Commissioner Kelly:

Q. Would it reach 10,000,000 barrels a year? A. For local consumption?

Q. For local consumption and for other shipments? A. I think it would exceed that a good deal.

Q. Was there any flour that came by the canal last year? A. Not that I know of.

By Commissioner Smith:

Q. What variation has there been in freight rates from Duluth to New York, say in the last ten years? A. Freight rates have varied from fifteen cents to in the neighborhood of twenty-five cents per hundred pounds.

Q. Never been lower than fifteen cents that you can recollect? A. Not that I know of.

Q. Is the rate from Milwaukee practically the same? A. About the same, yes, sir.

Q. What is the rate from St. Louis? A. That is all rail. I do not handle any goods from that section. That is a different grade of flour. They do not compete with our goods.

By the Chairman:

Q. Do you know whether any flour is shipped from Duluth via the southern ports? A. Our people have told me that they have shipped more or less that way, but I don't know to what extent.

Q. Do you know the difference in freight via the southern ports to Europe, or via the Atlantic ports to Europe? A. No, sir.

Q. Do you know that package freight, that is, flour, does go by way of the southern ports? A. Yes, sir.

Q. You do not know to what extent? A. No, sir, I do not.

By Commissioner Kelly:

Q. Does the flour go to Europe or the West Indies via the southern ports? A. More of it goes, as I understand and have been told, to Europe.

Q. Via New Orleans or Mobile? A. Yes, sir. This is all information that I get from my principals; I am not posted in the export business.

By the Chairman:

Q. Do you know anybody that is posted on that question?

Mr. Fairchild: Mr. Greenbank has already given me some names.

By Commissioner Smith:

Q. What would you recommend at Buffalo in the way of facilities for the accommodation of the canal flour traffic? A. I think there ought to be a terminal there.

Q. Shedded? A. Shedded the same as the terminals of the railroads there.

By Mr. Fairchild:

Q. And with a custodian in charge? A. Yes, sir; so that when the boats come in from the lakes they could have them unloaded and their stuff taken care of, and reloaded into canal boats and sent here.

By Commissioner Smith:

Q. There are no such accommodations in Buffalo now that you know of? A. Not that I know of.

GEORGE A. ZABRISKIE.

GEORGE A. ZABRISKIE, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your full name? A. George A. Zabriskie.

By Mr. Fairchild:

Q. What is your residence? A. Tenefly, New Jersey.

Q. Your place of business? A. 123 Produce Exchange, New York city.

Q. What is your business? A. Flour.

Q. For local consumption? A. Largely.

Q. Any part for export? A. Yes, sir.

Q. Do you represent any western flour mills? A. The Pillsbury-Washburn mills.

Q. How long have you been in the flour business? A. About eighteen years.

Q. All of that time in New York? A. New York city.

Q. Can you state how long a time has elapsed since flour was brought to New York by the canal? A. I don't think flour has been brought by the canal for ten or twelve years, particularly. Before that time it was.

Q. Can you state what the conditions are that have resulted in the loss of the flour transportation on the canal? A. Well, I don't think the canal has up-to-date facilities. They have no facilities now uptown save at Fifty-fourth street, which is not up to date, and here at Piers four and five, East River, they have absolutely no facilities. I mean by that that they have no shedded dock, and again, to deliver flour it is necessary to have a derrick or something of that kind to take the flour from the hold of the canal boat.

Q. There are derricks on those piers now? A. I don't think there are to amount to anything. There may be.

Q. Who are they owned by? A. I don't think there are any derricks on the pier.

Q. You have heard Mr. Greenbank testify? A. Partly.

Q. And you agree with the statement he made that the essential requirement for the transportation of flour on the canal is adequate terminal facilities in New York? A. Adequate terminal facilities and more boats on the canal, larger boats.

Q. And also terminal facilities at Buffalo? A. Yes, sir.

Q. You agree with his statement that it is essential that terminal facilities in New York should be in part in the flour district, or the canal district? A. They should absolutely.

Q. You would say it is impracticable to transport flour on the canal without proper terminal facilities in the flour district in New York city? A. I would.

Q. You agree with Mr. Greenbank's statement that it is also essential to have not only piers, but that the piers should be shedded? A. Yes, sir; and a custodian in charge.

Q. And of course that would be equally true of the Buffalo end of the canal? A. Yes, sir.

Q. Was your firm, the Pillsbury Company, one of the companies that made a contract with Mr. Erastus Wiman? A. It was.

Q. Do you know the extent of that contract so far as your company made it? A. I know so far as I was concerned. We agreed to take 125,000 or 200,000 barrels of flour a year.

Q. At what rate? A. At six cents per hundred pounds from Buffalo down.

Q. What saving would that be over the present rate? A. A saving of about five cents per hundred pounds. The rail rate is eleven cents. The agreement that I made with Mr. Wiman for our flour was, all things being equal, assuming that the railroads would not reduce their rates, I fancied that they might at the end, we would take that much the first delivery.

Q. For one year any way? A. Yes, sir.

Q. And that contract was actually executed? A. I don't know that it was, it was merely a verbal agreement.

Q. The arrangement was actually concluded? A. Yes, sir; that was on the assumption that facilities were arranged, etc.

Q. You mean by that, terminal facilities that you have testified about? A. Yes, sir.

Q. Do you know what prevented the carrying out of that contract? A. I think there was a law which had been passed by the Legislature against the formation of a company with a capitalization of more than \$50,000 for navigation purposes. That would bar out anything that could accomplish much. In other words you would want bigger boats, with three times the capacity of the present boats, and enough working capital to operate them.

Q. To what extent did the lack of terminal facilities prevent the carrying out of that contract? A. I think it had a great deal to do with it; it had absolutely all to do with it, I might say.

Q. Is it true that the failure to get terminal facilities in the flour district absolutely prevented the carrying out of the contract? A. So far as we were concerned.

Q. So far as the Pillsbury-Washburn Company was concerned?

A. Yes, sir.

Q. What is the per capita consumption of flour in New York?

A. One barrel per capita per annum?

By the Chairman:

Q. That would be 3,500,000 barrels of flour or more in New York city? A. Yes, sir; 3,500,000 barrels or more.

By Mr. Fairchild:

Q. What would you say would be the effect upon canal transportation of flour resulting from providing terminals such as you have testified are essential for such transportation? A. I think it would be a great lever. It would have a tendency to reduce the cost of transportation via New York abroad; in other words, it is competition.

Q. At least to the extent suggested by the difference between the present rate and the rate you had arranged with Mr. Wiman?

A. Certainly.

Q. That would reduce the cost of transportation to New York—what would you say the effect would be, I mean as to flour for local consumption, upon the export rate via New York? A. I think it would have a tendency to depreciate the export rate. There would be no difference in the consumption of flour locally; so much flour is used here, and will continue to be. On the 3,500,000 barrels of flour that comes here for local consumption there would be a saving of about \$300,000 to the people of New York, ten cents per barrel. We would like to get that ten cents per barrel, but I don't think competition would permit it.

Q. Mr. Kelly suggests the question whether it would not make a saving for the people along the line of the canal as well? A. It certainly would.

Q. Then the 7,000,000 people in the State of New York would be equally interested? A. Certainly.

Q. That would include the people in what is known as the southern tier, would it not? A. What is the southern tier.

Q. The counties off the line of the canal in the southern part of the State. A. I fancy not, because I think the local railroad rates would make up for it. From Syracuse south and from Rochester the local rates would be very heavy.

Q. Unless the State, as to the railroads within the State, would follow the example of the National Government and enact a law similar to the Inter-State Commerce Law, and thus prevent by legislative enactment a greater charge for a short haul than for a long haul within the State? A. Yes, sir.

Q. Your attention has been called to the fact that more flour in recent years has been exported from other ports than from the port of New York? A. Yes, sir; it has.

Q. And less from New York, correspondingly less? A. Yes, sir; it has.

Q. Do you know the per annum rate of increase in the population of New York? A. I do not. I should not think that it was more than five per cent.

Q. Has your attention been called to the effect upon the export of flour by way of New York, resulting from what is known as the railroad differential in favor of the outports? A. Yes, sir.

Q. Would you say that the differential has diverted flour from this port to other ports? A. I would.

Q. Would you say that the cost of transportation of flour to this port for local consumption, and the consequent lower rates by way of New York for export flour would offset that differential? A. I think it might.

Q. And would bring back to this port the flour that is now diverted to other ports? A. A great deal of it.

Q. Have you directed your attention as to what size of canal is desirable in connection with the proposed improvement? A. No, not as to its dimensions, except on the general principle that we want a larger canal.

Q. What would you say would be the best size for a cargo of flour? A. I think that a canal boat should carry 2,000 barrels of flour.

Q. How much do they carry now? A. They cannot carry more

than 1,000 barrels; that would mean that the boats ought to be twice the size of the present ones.

Q. In connection with the negotiations between the Pillsbury Company and Mr. Wiman, you were brought in contact considerably with Mr. Wiman himself? A. I was.

Q. Were you able to judge from your conferences with Mr. Wiman as to what extent he had made a study of this question? A. I was.

Q. What was your conclusion? A. I think he is a very competent man, and I think he could handle the canal business O. K.

Q. Your conclusion was that he showed a great study of the question, and that his conclusions were practicable to be carried out? A. Yes, sir; I judged him to be a man of almost unlimited energy.

Q. And his plans were so practicable that they were only blocked by the inability to get terminal facilities in the canal district? A. Yes, sir.

By the Chairman:

Q. Are you acquainted with the expense of handling a barrel of flour at the point of delivery? A. The different railroads pay one cent a barrel for unloading.

Q. What facilities do they have over the dock facilities? A. Over the canal facilities?

Q. I mean the canal facilities? A. The railroads unload from barges, and those barges are flat. Flour is tiered on those barges perhaps five tiers high. Should it be low tide, which is the most advantageous time for them to unload, their top tiers are about on a level with the dock, and they can roll them off on skids. As they unload the tide rises and they still have that level skidding, rolling basis. In unloading from canal boats it is necessary to use a derrick in lifting the barrels from the hold. You cannot get the flour out of canal boats otherwise.

Q. How expensive is that? A. Considerably more than unloading from a barge.

Q. How much would it cost? A. One and a half cents a barrel.

Q. The railroad charges one cent? A. The railroads pay one cent. I know the D., L. & W. does. I am not so sure about the other roads. I think the other roads handle it with their own men, whom they pay seventeen cents per hour.

Q. The railroads deliver free? A. The railroads deliver free.

Q. On the dock? A. On the dock.

Q. They can unload on the dock without paying any charges for taking from the barges? A. Yes, sir.

Q. The same is done by the canal boats, or do the canal boats charge extra for delivery on the dock? A. I believe the delivery must be made to the dock, on the dock.

Q. Have you heard, or is it true, that flour is delivered as cheaply in Liverpool as it is in New York? A. I think two or three years ago a cut in freight rates permitted that.

Q. Two or three years ago? A. Yes, sir.

Q. It is not at present? A. I do not think it is at present. I don't think it has been so for some years.

Q. What is the difference in the rate? A. Usually from twelve to twenty-five cents per barrel. It varies greatly.

Q. From twenty to twenty-five cents a barrel difference between New York and Liverpool? A. From fifteen to twenty-five cents.

Q. According to the state of the freight market? A. Yes, sir.

Q. Do you know whether your firm delivers any flour via the southern ports? A. They do.

Q. What ports? A. Newport News.

Q. That is an Atlantic port? A. They do not ship any flour abroad from the southern ports.

Q. Do they to the South American states? A. Yes, sir; but they do that business from here.

By Commissioner Kelly:

Q. Do you do your West Indian and South American business from here? A. Yes, sir; but we often, very often, ship via the southern ports.

By the Chairman:

Q. Do you take the orders here and deliver via the southern ports? A. Via. Mobile, Pensacola and some times New Orleans.

By Commissioner Smith:

Q. You have not made much of a study of the canal itself, and its dimensions, or the size of those boats? A. No, sir; none at all.

Q. Your impression as to the necessity for larger boats is based upon what? A. The inability to bring stuff forward in quantities that would be necessary. I think now that our company could tie up the canal with all of the facilities that they have got, and there are other companies.

Q. Has your company ever considered the matter of providing its own terminal here, in view of its business? A. Never.

Q. How much flour is shipped through your firm down here? A. I would not like to state that for publication.

Q. I thought that may be it was a public fact. A. No, sir.

Q. How much flour is shipped from Duluth to New York; all that you know of? A. We are in Minneapolis.

Q. You ship by way of Duluth mostly? A. We ship by lake and rail. About three-quarters of all the flour shipped is lake and rail.

Q. How much is shipped that way? A. You would have to take the capacity of all the mills. The capacity of the mills might be 50,000 barrels.

Q. A day? A. A day.

Q. Could you not say approximately how many barrels of flour are shipped away from that section in a year? A. Three-quarters of the 50,000 barrels—you might say 25,000 barrels a day; that would be nearer the correct amount, I should think.

By the Chairman:

Q. At any time of the season is there a difference of rate between lake and rail and all rail? A. From the manufacturers?

Q. Yes, sir. A. At all times it is much cheaper to ship lake and rail than it is to ship all rail.

Q. Does your firm ever ship direct to any Atlantic port all rail? A. Yes, sir.

Q. They do? A. We have to in the winter time.

Q. In the winter time? A. We have to; the lakes are not open in the winter.

Q. What is the difference in the cost? A. I think the lake and rail rate now is about twenty-two cents a hundred pounds from Minneapolis here, and I think about thirty-five cents a hundred pounds would be the ruling rate by rail.

Q. To the Atlantic ports? A. I am speaking now of New York. There is a difference to other ports. To Boston it would be four cents more and to Baltimore it would be six cents less.

Q. Then Baltimore would be twenty-nine cents? A. Yes, sir; the rates some times run to forty-five cents per one hundred pounds by rail.

By Commissioner Smith:

Q. What is the pro rate in the winter time from Buffalo to New York? A. About twenty-two cents a barrel.

Q. That is nearly double what it is in the season of navigation in the summer time? A. No, sir; it is just the same Eleven cents per hundred is twenty-two cents per barrel.

Q. No difference from Buffalo to New York in the winter time? A. Not more than two or three cents.

Q. How do you know that? A. We receive freight that way every day.

Q. During the winter? A. Yes, sir; we are paying freights always.

Q. It does reach two or three cents, in your opinion? A. At times.

By the Chairman:

Q. Do you export? A. We do.

Q. To what ports do you export mostly? A. Principally to the South American ports. Our mills send stuff on a through bill of lading. It is very difficult at times to ship via New York for export, because the railroads running into New York refuse to give a bill of lading guaranteeing to reach the seaboard at a specified time. The Boston, Philadelphia and Baltimore railroads will give a bill of lading agreeing to lay the stuff down on the seaboard at a specified time.

Q. What is the reason they do not do it here? A. I think it is a narrow policy. I think it hurts New York.

Q. Is it a discrimination against the port of New York? A. It is. As I understand it, the agreement went into effect last May. We have not been able get a bill of lading from the roads running into New York, agreeing to lay stuff down at the seaboard at a specified time.

Q. What railroads are there? A. All the trunk lines. There are only five.

By Mr. Fairchild:

Q. How and when does the flour come to Buffalo that you say is shipped during the non-canal season from Buffalo to New York? A. We usually like to store it up during the fall months.

Q. It comes by lake to Buffalo during the lake season? A. Three-quarters of the flour milled in the northwest comes by lake and is held in Buffalo by the railroads free of charge.

Q. To some extent is it held in Erie? A. That which comes by the Pennsylvania railroad, to some extent.

Q. And the B. & O. have a terminal? A. They do not do a big business.

Q. Would any reduction in the transportation charge by way of the canal, as a result of the terminal facilities you have suggested, necessarily make New York the storage place to a large extent for export grain during the non-canal season? A. If it did New York would do half again as much business.

Q. You say, "if it did;" would you not say it would have that result? A. Yes, if we did have the storage, for the reason that the people forwarding have experienced great difficulty in getting prompt deliveries from western points, and with the stuff going via New York there is no guarantee given by any of the railroads coming into New York that the goods will be delivered along side the steamer at the specified time.

Q. That affects the competition between this country and other countries in the flour trade? A. The competition is not heavy. There is some.

Q. From where? A. Argentine sends a little, Russia, Egypt and India.

By the Chairman:

Q. Is not the crowded condition of the railroad terminals the cause of the non-delivery—the reason for not having a prompt delivery? A. I think not.

Q. What do you think is the cause? A. I have seen these railroad facilities pretty nearly empty at times when they were charging storage for flour. If they would remove that storage charge on flour they would have those terminals filled, and if they were filled we might sell that flour for export for immediate delivery to the steamer—in other words, make a seaboard sale.

Q. What do the railroads charge you for storage at Buffalo? A. They charge nothing.

Q. And it is your idea that if the railroads had similar facilities in New York—— A. They have the same facilities.

Q. To the same extent as in Buffalo? A. Almost, if not quite.

Q. Where do they have them; not in the city of New York? A. The New York Central, in the city of New York.

Q. Within the city of New York? A. Within the city of New York, at the foot of Sixtieth street, North River, and at the foot of Thirty-third street, North River.

Q. What about the railroads terminating on the other side? A. They have their big facilities on the other side of the river.

Q. According to your idea there is no reason why they could not encourage trade—the flour trade—in New York harbor as well as in Buffalo harbor? A. It could be encouraged in New York harbor.

Q. Just as well as in Buffalo? A. Yes, sir.

Q. The result would be an increase of business in New York city? A. An increase of business in New York harbor for export.

By Commissioner Smith:

Q. Do you think there is need of other points than the canal district alone for the receipt and storage of flour? A. No. I

think that the Fifty-fourth street and the Sherman creek property that were mentioned and piers 3 and 4 East River, would be ample.

Q. For all of the Greater New York locality? A. Yes, because the majority of the flour over the canal could go on just the same. If the flour was in Wallabout or in Brooklyn or on Staten Island, it might be lightered from there.

Q. The size of the canal boat's cargo does not permit, I have been told, of its distribution as economically as carload lots? A. It would be necessary for a well-equipped canal company to have steam lighters at this end to go around promptly with carload lots. It would not be practicable to tow canal boats, with only one carload of flour, up the East River.

Q. You think it would be profitable for such a canal company to have its own steam lighters? A. It could not very well get along without a few.

By Mr. Fairchild:

Q. Your contracts, to which you referred, with Mr. Wiman included those terminal facilities up town, the one at Sherman creek and the one at Fifty-fourth street? A. Yes, sir.

Q. And with that combination of terminal facilities, as I understand you, the local transportation which is now carried on by trucks could be carried on by lighters and distributed to the place of consumption? A. Largely; the railroads have just ascertained the necessity of having an up town delivery. The Erie and the B. & O. have combined, taking a delivery point on the Harlem river. Mr. Wiman's idea was to deliver by steam lighter or canal boat on the Harlem river to that up-town trade. There is only one way that New York can grow—that is north.

Q. You are referring now to the new terminal on the east side of the Harlem river? A. Yes, sir.

Q. And the cars are lightered from here and put ashore up there? A. Yes, sir.

Q. That is the distributing point? A. It has more than doubled its capacity in three months.

Q. What would you say would be the comparative saving between the present conditions of using trucks and such conditions of distribution? A. You know it costs fifteen cents a barrel and some times twenty cents a barrel to carry flour from the Battery to Harlem.

Q. Under present conditions it must be so carried? A. It must be if it is carried to Harlem. You cannot get away from that charge anyway. The Erie road is now delivering freight to the Harlem terminal for nothing.

By the Chairman:

Q. Saves the fifteen cents? A. Yes, sir.

Q. And the result is they get the trade? A. The result is they have doubled their capacity in three months.

By Mr. Fairchild:

Q. Will you explain what facilities for storage now exist in the canal district? A. There are no facilities.

Q. There are some storehouses? A. I think there is a pier at Fifty-fourth street. It is not shedded, and we would not order a pound of flour there in that condition.

Q. What about those little storehouses? A. At Fifty-fourth street?

Q. No, in the canal district. A. You mean those that the railroads control?

Q. Do the railroads control them? A. The railroads control all of the flour delivery points in the canal district, and they are good delivery points.

Q. Are you acquainted with George C. West? A. No, sir.

Q. Or H. C. Cassell? A. Not acquainted with him.

Q. Didn't you at one time endeavor to bring a cargo of flour down here to West & Cassell? A. I don't remember that I did.

Q. Did you ever attempt, aside from the arrangement with Mr. Wiman, to bring a cargo of flour here and land it at a pier in the canal district? A. We did, 200 or 300 barrels.

Q. When was that? A. About a year ago.

Q. You did that as a test? A. Yes, sir.

Q. With what result? A. We could not carry it out. We were refused admission to the railroad piers.

Q. You were refused permission to land at what the law says are the canal piers, and which have become railroad piers? A. Yes, sir.

By the Chairman:

Q. Have you ever applied to the dock board to shed those piers at Fifty-fourth street? A. No, sir.

Q. Do you think that if you would appeal to the dock board that they would do something? A. I am not sure. I have no idea. I don't know. They certainly have enough money.

Q. A public official will pay attention to any request that is made by merchants; he is bound to do it, and the dock board will no doubt take into consideration any application from the flour trade in New York if it is made in the proper way; has that ever been done? A. Not to my knowledge.

Q. How do they know that it is desirable to have shedded piers for that trade? A. They do not, so far as I know.

Q. They have never had an application from the flour trade of New York? A. Not to my knowledge.

By Mr. Fairchild:

Q. As I understand you, while the Fifty-fourth street terminal and the Sherman creek terminal are important for local distribution in combination with the flour district, a flour district terminal is essential? A. Yes, sir.

Q. And until you could have that you would have no reason to arrange for a Fifty-fourth street terminal? A. No, sir.

ROBERT O. N. FORD.

ROBERT O. N. FORD, having been duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name, please? A. Robert O. N. Ford.

By Mr. Fairchild:

Q. What is your address? A. New York Produce Exchange.

Q. And your residence? A. New York city.

Q. And your business address is New York Produce Exchange?

A. Yes, sir.

Q. Your business is flour? A. Flour.

Q. For local consumption or export? A. Entirely local.

Q. How long have you been in that business? A. Like the rest; about eighteen years; that seems to be about the time.

Q. You have heard Mr. Zabriskie testify here to-day? A. Yes, sir.

Q. And you heard Mr. Greenbank testify? A. Yes, sir.

Q. Do you agree with their statement that it is impracticable to transport flour by the canal under present conditions? A. Certainly it is.

Q. And that it is impossible to transport flour by canal without canal terminal facilities? A. Most undoubtedly.

Q. For receipt of that flour? A. Absolutely, sir.

Q. And that it is essential to have among other terminals a terminal in what is known as the canal district or flour district? A. I represented the Washburn-Crosby mill, a capacity of 20,000 barrels of flour daily. I represented them and could not handle the flour here unless we had a pier, and we made it a point in meeting with Mr. Wiman that we must have a downtown pier for local use.

Q. Was there a stumbling-block in carrying out that arrangement? A. Yes, sir; Mr. Wiman did not seem to carry out his ideas.

Q. Because of his inability to get a pier in that locality? A. Yes, sir. I went out to Minneapolis and we all agreed in Minneapolis that we would give Mr. Wiman the first year 600,000 barrels of flour, and every subsequent year 1,000,000, and on that basis they signed a contract.

Q. You knew that Mr. Wiman did succeed in arranging for terminals at Fifty-fourth street and at Sherman creek? A. Yes, sir.

Q. And you would agree with Mr. Zabriskie that those terminals for a local district would be very important, but there must essentially be with those a terminal in the flour district?

A. Otherwise we could not use them at all. People here who get orders for flour on the dock will not go up town. We have trouble even now. We don't have anything come by the Delaware, Lackawanna & Western, because their pier is pier 19, Cortlandt street, and the trade kick on going there so much that we have stopped handling flour even there.

Q. What would you say is necessary to provide for such terminal facilities in addition to the pier in the flour district? A. We have got to have an uptown district terminal.

Q. My question is, what would you say would be necessary to provide—what accommodations would it be necessary to create at those piers? A. It would be necessary to have the whole pier shedded and someone in charge of it all the time the same as the railroads; watchman in the case of fire and in the case of rain.

Q. You say it would be important also to have similar facilities at the other end of the canal at Buffalo? A. Yes, sir.

Q. So that the canal would have the same facilities as all the railroads of terminals at each end? A. Yes, sir; and when one terminal is filled, bring it to the other.

Q. What would you say would be the effect on transportation rates on flour resulting from providing such terminal facilities? A. I think we could bring some flour here.

Q. What would be the effect, do you think, upon canal transportation? A. By having a canal and getting lower transportation, wasn't that the question?

Q. I will ask you this question: If the proper terminal facilities were provided at Buffalo and New York, what would be the effect upon canal transportation as to flour, would you say that flour would then be transported by canal? A. Yes, sir.

Q. You would have no doubt of that? A. No, sir.

Q. Large quantities? A. Yes, sir.

Q. You have no doubt of that? A. No.

Q. What would be the effect upon the rate as compared to the present rate? A. We would always have a lower canal rate.

Q. Than now exists? A. Yes, sir.

Q. Would you say that the difference between the present rate and the rate you had arranged with Mr. Wiman would be at least the difference in the rate by reason of such terminal facilities? A. Yes, sir.

Q. And as a result of a then competition between the railroads and canal, which does not now exist, the rate might be even lower? A. Yes, sir.

Q. As a matter of fact there was no competition between the railroads and the canal on package freight, eastbound? A. No, sir.

Q. Has your attention ever been called to westbound package freight? A. No, sir.

By the Chairman:

Q. Do you store flour at Buffalo? A. Yes, sir.

Q. Through the winter? A. Yes, sir.

Q. It is your opinion that the same flour could be stored at the terminals of the railroads here? A. Yes, sir.

Q. Do the railroads enjoy the facilities here that they do at Buffalo? A. Yes, sir.

Q. Covered sheds to protect flour? A. Yes, sir; everything.

Q. Will the result of the Erie Railroad delivering flour at the Harlem river bring other railroads up there in opposition—to deliver in the Harlem river free? A. I don't know, but I suppose all those lines will have to do it. What one does the other will have to do, otherwise the Erie will get all the freight and do all the business.

Q. So that to the same extent the city has been benefited by the railroads giving these facilities uptown — A. Yes, sir; no question about it.

Q. — the same facilities given to canal boats will still further benefit the city? A. Yes, sir.

Q. Which would be at Sherman's creek, which is the Harlem river? A. Yes, sir.

Q. You export? A. No, sir; I do not do a bit of it; thoroughly out of it.

By Commissioner Smith:

Q. Are you familiar with this so-called canal district down here? A. Yes, sir.

Q. Will there be any trouble in securing necessary accommodations there, considering the existing traffic now occupying those piers? A. The railroads have control of those piers.

Q. They only have control of two, as I understand it. A. The New York Central is there and the Erie is there.

Q. How many piers do they occupy? A. All but one; they are practically in control of the railroads.

Q. Will it result in disturbing the traffic of the railroads to provide necessary facilities for the canal boats? A. No, I think not.

Q. Would they not have to extend that district in order to accommodate the large traffic? A. They would have to have room, of course.

Q. Is the remaining space unemployed by the railroads sufficient for the canal traffic that would likely arise? A. That I don't know; it is naturally none too large now.

Q. For the railroad business, you mean? A. Yes, sir; none too large.

By the Chairman:

Q. Have you ever applied to the dock board for shedded piers and facilities? A. Not to my knowledge. I don't remember; we took the entire matter up with Mr. Wiman. I was not present at all the meetings. The meetings were held in Mr. Zabriskie's office, but I don't remember that we ever made application. My mind is not clear on that.

Q. Do you think it would be wise to do so; do you think the New York dock board should give facilities and shedded piers to canal boats? A. I think so, by all means. I think that was one of the points Mr. Wiman made, and he failed. The question was talked of at that time. I think he did apply to the dock board.

Q. I want to know if there was any official application made by the flour trade of New York to the dock board for those facilities? A. I don't remember.

By Mr. Fairchild:

Q. You refer to the conference at that time when your negotiations were being carried on with Mr. Wiman in Mr. Zabriskie's office; was it the united judgment of the flour-mill men in the west, and their representatives here in New York at that time, that if the proper terminal facilities could be secured for the canal traffic here in New York that the flour would be transported by the canal, and that the rate would be consequently reduced? A. No question about that, because my own people wired me, telling me to go ahead—authorizing me to sign contract.

Q. That was the united judgment of all the flour mill men in the west and their representatives in New York? A. Yes.

By Commissioner Smith:

Q. Do you remember the time flour came down the canal? A. No.

Q. Not within your recollection? A. Not to any extent; I don't think any has come down for ten or twelve years at least.

Q. You have been in the business eighteen years? A. Yes, sir.

Q. Do you recall the traffic that was on the canal twelve or fifteen years ago—what I mean is whether it was accommodated when it got here? A. That I cannot tell you; I never got any that way myself.

GRENVILLE PERRIN.

GRENVILLE PERRIN, having been duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name? A. Grenville Perrin.

By Mr. Fairchild:

Q. You are a resident of New York city? A. I am a resident of the Greater New York, now Brooklyn.

Q. And you are in business in the lesser New York? A. I am in business in the city of New York, Manhattan.

Q. Here in the Produce Exchange? A. Yes, sir.

Q. What is your business? A. Flour and grain business. I also represent the Northwestern Consolidated Milling Company of Minneapolis, one of the three large corporations there.

Q. That is one of the large milling corporations of Minneapolis? A. The three large corporations are the Pillsbury, the Washburn-Crosby and the Northwestern Consolidated Milling Company.

Q. Mr. Zabriskie represents one, Mr. Ford did represent one and you represent the third? A. The Northwestern Consolidated; yes, sir.

Q. Your mill made an arrangement with Mr. Wiman similar to that made by the other mills, that Mr. Zabriskie and Mr. Ford have testified about? A. I have not heard the testimony. I will merely say that the arrangement was a promise to give a certain quantity of freight to the company which Mr. Wiman represented, contingent upon Mr. Wiman's obtaining the necessary facilities for handling it, the difficulty being, as it turned out, his inability to obtain the proper local terminal downtown for the transportation of package freight.

Q. Would you agree with the statements that have already been made that it is absolutely essential for the transportation of flour or package freight by canal to have such terminal facilities? A. As I said before, I have not heard their testimony, but it is absolutely necessary in order to handle flour, which is the one kind of package freight I am interested in, in order to handle it at all under present conditions, they should have a terminal, a shedded terminal, the same as the railroads have, if there is any desire to compete. When flour was brought down twenty-five years ago by canal they would load 3,000 barrels of flour, as an illustration, in canal boats, bring it down here, consigned

to various consignees, put it on open docks, get their receipts from the consignees, when the canal boat could wait no longer; sometimes it would wait many days to deliver its cargo, and tarpaulins would be spread over in case of a storm, and it was what would seem to us now a primitive way of handling flour; then the canal carried flour.

Q. What flour was handled in that way in those days? A. All that came by canal. Of course, New York State flour was a factor in the trade then; now it is not except to a small extent. But in order to compete now it will be absolutely necessary to have a shedded terminal which compares favorably with the railroad terminals so that canal boats can come down and unload their cargoes the same as a railroad car is unloaded, and the canal boat go back and get another load, instead of lying here at the dock long enough to have made a round trip between Buffalo and here before she could get rid of her cargo if she had no terminals or sheds for her own use. That was the thing that prevented, as near as I can understand, the carrying out of the arrangement that was made with Mr. Wiman, and I will say that the inducement held out to the managers of our respective companies in Minneapolis and Duluth to give such a portion of their freight to the proposed company was the largely reduced freight from Buffalo here.

Q. Do you recall the quantities named in that contract between your people and Mr. Wiman? A. I don't; Mr. Wiman could furnish those.

Q. They were large quantities? A. Yes, sir, certainly.

Q. Do you recall the rate that was named? A. I would prefer not to, because I have not refreshed my memory on it since those agreements were signed, which Mr. Wiman of course has, as a matter of documentary evidence.

Q. You remember that it was much lower than the railroad rate? A. Yes, sir.

Q. Under present conditions the railroads having all the facilities at the terminals, to which you prefer, and the canal having none, there is no competition whatever, or practically none be-

tween the canal and the railroads on package freight? A. On package freight none.

Q. And in your opinion, that is, as to flour, if these terminal facilities were given, large quantities of flour would come to New York by canal? A. Yes, sir, if the railroads did not meet the cut in freight.

Q. And if the railroads did meet the cut then it would at least necessarily result, such facilities being afforded to the canal as to terminals, in a lower rate to New York than now exists on flour? A. Yes, sir, necessarily.

Q. And it necessarily would result, would it not, to a more or less extent in reducing the rate on export flour? A. I am not prepared to answer that in the affirmative, for this reason, that it is a well-known fact that an export rate can be made from any large shipping point West to England or the Continent for less than the lowest domestic rate added to the most favorable ocean rate that can be obtained here at the present time. I don't know as that is a discrimination against New York, because the tendency has been for many years to bring the consumer and the producer nearer together.

By Commissioner Smith:

Q. If they can carry it cheaper to Liverpool, proportionately, than to New York, and it does not pay on that transportation, certainly that traffic which is local and domestic must pay even a great deal more than it would if it was prorated between them evenly? A. You mean cheaper in proportion?

Q. Yes, sir; that is, when they reduce the price to Liverpool below what is a remunerative rate to the railroad, the railroad has to recover from the domestic business? A. If that is true, that is the case; I am not an authority on export.

Q. Necessarily it means that the domestic traffic has to bear even a greater proportion than a fair one. A. If that were true. We do no export business, so I am no authority. That is an illustration.

By Mr. Fairchild:

Q. A reduction in rates on flour for local consumption, as was suggested in the contract that your people made with Mr. Wiman, would certainly have the tendency, would it not, by reason of lowering the railroad rate to this port, of also reducing the through rate? A. Yes, sir.

Q. Would you say that the difference between the present rate to this port, the railroad rate and the rate named in the contract you made with Mr. Wiman would be sufficient to offset the differential, what is known as the railroad differential in favor of the outports? A. I don't know.

Q. I suppose you agree with the statement that has been made that another essential to a proper terminal would be to have a custodian in charge of a shedded pier? A. That would be necessary.

Q. And it would also be necessary to provide similar terminal facilities in Buffalo? A. I can answer that by saying, I presume so; I am not familiar with the other end of it. I don't want to answer at random.

Q. During those conferences between your people and Mr. Wiman you were personally brought in contact with Mr. Wiman? A. Yes, sir, at this end; during the conferences at the other end I was not present.

Q. You found he had made a deep study of this question? A. I think he knows as much about canal transportation as any man in New York, because it has been a study with him for years.

Q. So far as it relates to your business you found his conclusions were practical and appealed to all the practical business men in that line of business? A. They did, because if carried out, they would have a tendency to cheapen transportation and bring the goods here in fairly good time from Buffalo; I say fairly good as compared to railroad transportation which is quicker, and we thought it would simply be another means of getting back to New York some of that business which had left by reason of this discrimination in export freight. If this freight rate was lowered by the canal, naturally it would give an opportunity for

making contracts in New York for export, which at present cannot be made.

Q. You have found then that the railroad differential as it exists in favor of the outports has diverted flour from this port to the other ports, the export flour? A. I will not answer that, because it is hearsay; we do no exporting. The people who are in the business can answer you better.

By the Chairman:

Q. You store flour in Buffalo in the winter? A. No, sir; our facilities at Buffalo are simply holding the flour there in transit, as it is called, for a brief period; we keep it moving.

Q. Through the winter? A. Right straight along.

Q. Who is responsible for that flour? A. Our mill has a man there who has charge of it.

Q. You have an agent there? A. Yes, sir.

Q. Is it stored free of charge? A. It is held there for a certain number of days, the same as it is here, and used for distribution. It is simply held in transit, the same as grain is.

Q. It is not stored? A. No, sir; it is held in railroad houses in transit.

Q. How long? A. I cannot give you the number of days.

Q. Do you have no control of that? A. No, sir; I have no control of that. The shipments, of course, while navigation is open come by the lakes. The shipments in winter, which are just as constant come by rail except the crossing of lake Michigan where it comes by water.

Q. Do you think it would be to the benefit of New York if the Dock Board would simply supply shedded piers for the canal business? A. I do, sir.

Q. You have heard the testimony of Mr. Ford? A. I just heard the conclusion.

Q. It was stated that the Erie and Baltimore & Ohio roads were furnishing delivery facilities in the Harlem river free of charge? A. They do that.

Q. Which would make a difference of fifteen cents a barrel?

A. Well, I did not hear his testimony. As I understand it, that Harlem river terminal is simply an additional terminal uptown to meet the growing wants of the Harlem section, instead of being compelled to truck it at considerable cost from here to Harlem to make delivery.

Q. Any of your flour delivered there? A. Yes, sir; we have some.

Q. Do you make any additional charge for that? A. No, sir.

Q. Some charge? A. It comes within the ordinary lightcrage free clause of the railroad.

Q. Could any flour that comes by any other road be delivered there and transferred in cars? A. No, sir; I understand there is a company operating that, whose officers are members of our exchange, and they know all about it. My understanding is that the Erie road first gave facilities and now they have included the Baltimore & Ohio, and they are perfectly willing to include the others, if they will come in.

Q. It is really a company formed to transfer cars from one system to another at a certain charge? A. Yes, sir.

Q. Can you do that with your flour? A. We have not tried to transfer any flour from other roads, for the small quantities that we have wanted there we have shipped via the Erie from Buffalo, and it went directly there.

Q. So the Erie receives the benefit of the terminal? A. Yes, sir; I don't know their arrangement with the company. There is a company here to run it.

Q. You never applied to the dock board for a shedded pier for the delivery of package freight? A. No, sir. Mr. Wiman, of course, was doing that, and we simply made a bargain with him on condition that he could succeed in doing certain things.

By Commissioner Smith:

Q. Who are the representatives of the Erie road who are members of this exchange, who do that business there? A. I was not speaking of a representative of the Erie road. It is a company called the Harlem Transfer Company. Charles E. Wilmot is the president of it.

Q. He is a member of the exchange? A. Yes, sir.

Q. Do you know the amount of flour that is milled locally within the limit of this port? A. I could only guess at it.

Q. Have you a pretty fair idea? A. Do you mean the daily output?

Q. I mean daily or per annum? A. I presume their capacity is 8,000 or 9,000 barrels per day.

Q. Do they turn out what their capacity is? A. As an illustration—I don't want to give you a roundabout answer—our mills have the capacity of 12,000 barrels a day in Minneapolis, but, of course, during the year we don't run over eighty per cent. of our capacity, that is pretty good milling.

Q. You don't know what per cent. they run here? A. No, sir; their representatives could answer that. I may have underestimated their capacity.

Q. Do you know whether their flour is consumed altogether locally; how much of it is exported? A. A great deal of it is exported.

Q. Do you think that the accommodations for the traffic, for canal boats to do flour business would be injurious to the local milling interests? A. I had not considered that phase of the question; I don't know that. I am not prepared to say.

Q. You would not want to express judgment on that? A. No, I would not. Of course, in all our relations we were simply actuated by self interest, to get all the facilities possible in co-operation with Mr. Wiman. I did not take into consideration the other part of it.

Q. The natural assumption is that the dearer the transportation to New York the greater opportunity for local milling? A. Well, that is an assumption. At the same time I don't think it is claimed they make any more money than western mills. Whether it is made up to them in the price of wheat, I don't know. There is a claim, and has been, that flour is discriminated against in favor of wheat. I am not prepared to answer that, because our grain trade is all local. We don't export any. Those who are in that business should answer; mine would only be hearsay.

Q. Have you an idea of what the comparative expenses would be in running a mill here and in Minneapolis? A. No, sir.

Q. No idea at all? A. No, sir; I know nothing about it.

By Mr. Fairchild:

Q. At any rate the western mills would have to pay transportation to get it here and compete with eastern mills? A. Yes, sir.

A recess was then taken until 2.30 o'clock p. m.

The chairman called the Commission to order at 2.35 p. m.

ERASTUS WIMAN.

ERASTUS WIMAN, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Have you made a study of the question of transportation of package freight on the canal? A. Yes, sir.

Q. On the Erie canal? A. Yes, sir; on the Erie canal.

Q. For how long a time have you made a study of that question? A. Since 1893 I have done little else.

Q. Have you ever made arrangements or attempted to make arrangements for the transportation of flour on the canal? A. Yes, sir. The millers of the northwest territory, in Minneapolis and Duluth, whose output is about 15,000,000 barrels a year, had communications with me in regard to taking up the question of getting the canal to carry flour, and, at their request, I appeared before the board of docks with a request that if they would provide terminals I could get contracts for the carriage of flour, terminals that would accommodate largely the arrivals of flour by canal. They were very liberal, the late board were, Mr. O'Brien, Mr. Einstein and another, I have forgotten his name. They allotted a pier at the foot of Fifty-fourth street, with a basin, at a very favorable rental for thirty years, on condition that we would bring down a certain amount of flour in this year. They also allotted a basin in Sherman's Creek, which is just out of the Harlem, for the supply of the upper part of the city, on the one hand, and a place of transfer for the New England trade on the other. I proceeded on that theory believing that the law in re-

lation to the canal district was operative, that I had nothing to do down here, that the flour would be taken in and by the improvement of the terminals at Fifty-fourth street and Sherman's Creek I could fulfill large contracts for the carriage of flour. The condition of getting those terminals was that I should get contracts. I went to Minneapolis and while there was royally entertained. I came away from there with contracts from all the mills of that place, said to be larger freight contracts than had ever been taken out of Minneapolis, contracts that amounted to 1,000,000 barrels of flour a year.

Q. Was that Minneapolis and Duluth? A. Yes, sir. The contracts are here, signed by the biggest men of the northwest. They were to become operative conditioned upon my ability to furnish terminals in the city of New York for free transfer storage equal to that furnished by the railroad.

Q. Will you give the name of each of the flour mills with whom you had conferences? A. The Pillsbury-Washburn Company.

Q. Of Minneapolis? A. Minneapolis. The Washburn-Crosby Company of Minneapolis, the Northwest Consolidated Company of Minneapolis, and the Duluth Imperial Mills, the Daisy Mills, the Lisman Mills and all the other mills, eight mills at Duluth. The contracts are here. Those contracts were to be operative at six cents a hundred pounds from Buffalo down.

Q. What was the rate at that time? A. The rate at which they undertook to deliver at Buffalo was fifteen cents a hundred pounds or thirty cents a barrel. The rate then was forty cents by lake and rail, and I will say there was a clear saving of ten cents a barrel. The rate declined in the next three years. I mean to say that the rate in the contract declined at the rate of about a cent a hundred pounds for the following three years. Originally it contemplated a twenty-cent rate, that is, twenty cents a barrel, from Duluth to New York, which would be just precisely one-half of the then prevailing rate.

Q. Do I understand you that the rate for the first year was six cents under your contract? A. Six cents between Buffalo and New York.

Q. And for the second year it was to be less than six cents?

A. Yes, sir. I forget the rate.

Q. And the third year a still further reduction? A. Yes, sir; till it reached twenty cents a barrel from Duluth. The calculation was that that would pay very largely on the ground that we would have free transfer storage. Those contracts never became operative for two reasons. The first reason was that the contracts contained the condition that they should land canal flour at Pier 4, East River, in the canal district. I had read the law and had no more idea that we could not land flour than I have that I am not talking with good friends now. When I attempted it, I found that every pier except one was in possession and under lease to the railroads, the New York Central and the Erie.

By the Chairman:

Q. Who leased them? A. The dock department.

Q. Under what law? A. I do not know. The law is the most peculiar I ever read. That law was drawn by a man who must have been very much the same kind of a man who drew the oath, which says "the whole truth and nothing but the truth," the finest piece of composition in the world next to the Lord's prayer. He drew this law and he said, "These piers shall be set apart, kept and reserved for the exclusive use and accommodation of canal boats coming from north of Castleton."

Q. How did they come to be leased? A. It came about in this way: Through some local influence the words "north of Castleton" were inserted in that law and the word "barges" was inserted at that time "in the Hudson river." Subsequently that clause was omitted in the consolidation act.

By Mr. Fairchild:

Q. That is, the clause "north of Castleton?" A. Yes, sir; but the word "barges" was allowed to remain.

By the Chairman:

Q. What do you mean by the consolidation act? A. New York city consolidation act under the revision of the statute. The

words "barges engaged in transportation on the Hudson river" was amended thereby to mean the barges of the railroads from Sixtieth street, New York, and the Erie pier on the other side. These piers were put up at auction. No canal man can go and bid \$40,000 for a pier, and the result was that the railroads got the piers. They did so under the condition that they would erect a shed and they did so. The shed was the private property of the railroad.

Q. The dock board had no legal right to offer those docks? A. No, sir.

Q. For information I would like to know why that was done and what excuse was given? A. I do not know. It is a good many years ago that it was done. I was not then as prominent as I am now. I put into the hands of the counsel last night certain papers in a suit which two men, Captain DuPuy and Captain Beadle, instituted for the purpose of declaring that law void. I spent fifty dollars myself. We got together as we thought a very strong case to get those leases set aside and the canal district dedicated again to canal purposes. We were beaten in it, not on the main point, but on some minor point.

Q. What was the point? A. I think the point was that it would be an extraordinary exercise of judicial power at that time to interfere with the rights of the dock department over all the docks and piers of the city. There was some conflict as between the original act dedicating those piers to canal purposes and the subsequent act putting into the hands of the dock department all those piers.

Q. Didn't they include in their leases to the railroads that they should be subject to the law? A. Yes, sir; the leases are brought with that condition.

Q. Did you appeal from that decision? A. No, sir. Owing to the fact that the flour trust is not behind me and the fact that Mr. McIntyre and his friends here are largely interested in local matters, and having a great deal on hand, I have not had the heart to get them to appeal it. I do not know whether they would want to appeal it because the local people use those piers

enormously. For instance the Staten Island mills sent one or two barges to those piers and lay and distribute all their flour by team free of charge. I do not know what they pay the railroad. This as against Mr. Pillsbury's flour. Subsequently I endeavored to land some of Mr. Pillsbury's flour, through Mr. Zabriskie. I simply got 200 barrels of flour and had it shipped from Minneapolis to Mr. Pillsbury at that point. We vainly endeavored to land it. We could not get a berth on a covered pier. We were offered a berth but we could not land it. The railroads would not allow us to land it. We tried the same at the Erie and were refused.

By Mr. Fairchild:

Q. Were there not letters written to the Erie railroad requesting terms for landing flour there? A. Letters were written to the New York Central; the New York Lighterage Company and the Erie road, who refused. Letters were also written to the dock department by the plaintiffs in this case I spoke of, Mr. Beadle, in which he stated that he had contracts for 20,000 barrels of flour at that moment; that he had taken the risk of leasing a terminal in Buffalo as a point of transfer to his craft and all he needed was the right to land the flour here. The papers show that that was referred to the New York Central who declined to receive the flour.

Q. Did they give a reason? A. That they were already overcrowded with their own freight. That, together with the \$9,000,000 appropriation to make a uniform size of canal, which had the effect of paralyzing construction of any boats fitted to carry flour, the impossibility of getting capital interested to invest in a new class of boats that might be much larger; in other words, the paralysis which existed because of the success of the nine million dollar appropriation and the difficulty of getting terminals, together with the passage of that bill which limited corporations formed for navigating the canal to a capital of \$50,000, was a barrier.

Q. Is there anything in the way of a corporation being formed

under the laws of the State? A. No, sir; but capital would be so timid that it would be very difficult.

Q. The very existence of such a statute in New York would make capital timid? A. Yes, sir, and it did. I had many promise me again and again if I could make a clear showing on the floor there was no reason why the thing should not go through.

Q. The one thing that blocked the plan was the failure to get the terminal facilities? A. Yes, sir. That was the main thing. We could carry 1,000,000 barrels of flour. There was plenty of boats of sufficient calibre and strength, comparatively new steamboats, that would carry 1,000,000 barrels of flour, at extremely favorable rates, had we had a terminal in the city. We could not get it and there is no hope of getting it unless your Commission succeeds in getting it. I went to the Legislature and introduced a variety of bills, appeared before committees, appeared before the cities committee. Mr. Mazet took the matter up very earnestly because he had a man on his committee from Oswego who was interested, and he gave me a hearing. He had a very large meeting. The committee was interested but Mr. Hamilton Harris, the counsel of the New York Central appeared, and as each man had a pass in his pocket nothing could be done.

Q. Will you explain, with your possession of the control of the Fifty-fourth street pier and the facilities at Sherman's creek, why it is so essential to have piers in this particular district known as the flour district? A. I want to draw your attention to the fact that there never was a site so adapted to the distribution of food as the canal district. The man who wrote that law must have been a man who foresaw what was to happen in this city. That district is the very heart and center of this great commonwealth in the sense that the two rivers converge there. Those rivers are lined with a population the densest in the world. The city of Brooklyn, with 1,000,000 people, is another element. All these regions are accessible from it, so that that point is the pivotal point of America for the purpose of receiving and distributing food.

Q. You distribute to all those sections by water? A. Yes, sir;

and that is the pivotal point. Those two uptown deliveries are very important, as at the foot of Fifty-fourth street. A pier had been eliminated at Fifty-third street and there was no pier between Fifty-second and Fifty-fourth streets. There was a good wide space. The Fifty-fourth street pier is a 600-foot pier, sixty feet wide, so there is an ample space for the receipt of flour, and behind it, immediately, is an enormous population, all that region below the park, not low like regions like Five Points, but the mechanical classes, the man who lives in tenements. That seemed to be a very remarkable point, first because, if the Sixtieth street depot of the New York Central was a good point, this was next to it; if the West Shore was well located at Weehawken this was opposite it. It was good for local distribution and splendid for exportation. Sherman's creek is a remarkable thing. It is the only place in the Harlem river in which a basin can be put.

By Commissioner Shayne:

Q. Is that opposite the Fifty-fourth street pier? A. No, sir; it is in the Harlem river, about a mile below Spuyten Duyvil. If you remember the high land occurs all the way from the bridge and the driveway is right underneath it. The best evidence of its height is the Washington bridge and High bridge. Suddenly, at Fort George, it drops off and then comes this Sherman's creek, which is an ideal place for a canal terminal, as you could put 500 boats there. The city bridged it and put a bulkhead there 1,500 feet long. I leased 750 feet and am paying forty-eight dollars a year, and not getting a dollar for it, in anticipation of doing this business. I had these contracts. I worked very hard to get it. The pier at Fifty-fourth street I still have, but it all goes for nothing if I cannot land down here.

Q. Would you not consider it equally important to have equal terminal facilities in Buffalo? A. Yes, sir. The possibilities of the Erie canal are nothing at all unless there is a point of free contact between lake marine on the one side and canal craft on the other. Unless there is a point of free transfer storage because the railroads have practically a free transfer storage. They

do not charge anything. They bring stuff on their own line, the Western Transit Company, for instance. They take it into their warehouse and do not charge anything. The canal man must not be burdened with any charge. They must have a big enough place to take care of a big ship, unload it and transfer it to the canal boats at leisure. It so happens that the providence of God is with them, due to the fact that the State owns in the Erie basin, which is a part of the Erie canal, a place behind the breakwater, which is now occupied by three piers. When the breakwater was built by the government, in the course of eight or ten years, there was an enormous accumulation of sand, etc., right behind that breakwater and finally an island grew up there. Two men in Buffalo got permits from the State to dredge two slips and make three earth piers, which they did, with a view of making it a great railroad center. It was for a great many years an important railroad yard, until the railroads commenced to carry lumber. They then abandoned that work. It has since been useless. It is only used now for the storage of old hulks and that sort of thing. That property belongs to the state and is a most valuable place for a terminal.

By Mr. Fairchild:

Q. It is a part of the canal system? A. Yes, sir. It is very valuable. You will remember, as you go out of Buffalo, there is a light-house. Opposite that light-house is a breakwater. Behind that breakwater are these three piers, 600 feet long and 100 feet wide. I think with about \$50,000 for each pier, and with a flour warehouse put upon them, a point of contact could be made of the most valuable kind. I will have some suggestions to make of a practical character when the time comes.

By the Chairman:

Q. You appeared before the Governor's Canal Advisory Committee? A. No, sir. I have been asked to write a letter. They asked several questions but I was not up in the matter sufficiently to answer three or four of the problems. I saw Mr. Part-

ridge and was with him for an afternoon and he asked me to hold myself in reserve for some hearing.

By Mr. Fairchild:

Q. To what extent would it be advisable or essential to provide storage facilities in connection with the canal or terminals in the flour district here in New York city? A. Let me go back a little. I say to you that the flour export trade of this country is the most important trade we have. All the iron, steel and other exports of such a nature do not compare at all with the importance of the flour export trade, first, because it goes directly to the heart of nature, the farmer. The mills are very, very numerous. I have here a little map to show the number of mills in the country, every red mark on that map is a mill. A most interesting table.

Q. Is that a map that you can introduce here? A. Yes, sir. (Map offered and received in evidence. Marked Exhibit No. 1 of August 31, 1899.) You will see that the capacity of the Minneapolis mills is 15,000,000 barrels a year. Now the export trade from that region is preferable to New York, if proper accommodations are afforded to it, for this reason. Up to this time the delay in getting stuff from the mill to the importer in England is most serious. Mr. Zabriskie gave you a hint of it this morning. He said if we had the flour accumulated here we would do two or three times the business. I saw in the Northwestern Miller the other day no less than eleven columns of letters from every part of England, Amsterdam, Rotterdam, Glasgow, and all over the market for flour, bitterly condemning the present system and the delays in getting flour after they had bought it.

Q. What are the causes of those delays? A. Very largely the congestion about New York; the fact that there are only two tracks to the railroad. There are only two tracks below Spuyten Duyvil. There is no flour coming down on the line of the Harlem division.

Q. The New York Central is a four-track road? A. They have two on the Hudson River and two on the Harlem division. They

have only two in many other places. It is so in Jersey. four-fifths of all we get goes to Jersey. I made an estimate with my friend Mr. Underwood, who was then manager of the Soo line and we went to Jersey and got all the figures we could. We found that if all the cars on the Jersey flats, loaded with flour, were put in a single train, we would have a train forty miles long. Owing to the fact that there are only two tracks, flour, not being a perishable article, is shoved aside for articles that perish. For instance, Chicago beef would take precedence, a banana train or a sweet potato train, if they ever have such things in this country, a fruit train, anything coming along has precedence and flour is shoved aside. The effect is a very great delay. My idea is that if we had a concentration of flour here, if we had most ample room for its storage here, if we had the greatest possible accommodations, both by rail and by canal, that we would be the greatest flour market in the world. Instead of buying the stuff at Minneapolis and waiting a long time for it, instead of going to these places all over the country, they would come here and buy it; they would be sure to get it. The average time has been about forty-five days from the time the order was given until it was delivered, and that is too long, altogether too long. If you order a thing you want it right away. If a man is at Hamburg and wants a lot of flour for a customer in Baden Baden he would not want to wait a long time for it. For instance, if he telegraphs to New York it would go next week. There is no safety, no connection, as it were, between the shipper, when it lands in New York and when it is put in the boat. Now I have very peculiar views in regard to the accommodation necessary for that purpose. Of course you will always remember, as I said to you before, that large room is required, very large room, far more than is required for grain. The grain comes down and floats to the elevator and it can be hoisted into the elevator and it is disposed of, but when a load of flour comes down, there may be half a dozen brands, it certainly will have three or four grades, it has got to be sorted. In the same boatload will be flour for the Waldorf pastry cook and flour for dog biscuits. Now it would be a very funny thing if the flour for the dog biscuits should

be sent to the Waldorf. Now a new canal boat would probably carry 2,500 barrels. If there was a fleet of four or five boats that would mean 12,000 or 15,000 barrels. If the fleets followed one another very closely the accommodation required would be very large. Now the city or the State have it in their power to recommend that these five piers should be dedicated to that purpose, and that Coenties slip, Jeannette Park, which was taken from the canal without a protest and dedicated to the purpose of a park, perfectly useless because we have a very pretty park at the Battery, should be restored to the canal. I have a petition from nearly every land owner in that section to give that big park for a fine warehouse, put a ten or twelve-story iron structure on it, have it all open underneath and have an overhead crossing from it to all of those piers. These piers should be reconstructed and an iron edifice put upon them, a double decker so that the six piers, along the upper part would have room for the accommodation of flour and underneath for west-bound freight. Two or three of those piers could be free piers and altogether the possibility of accommodating 200,000 or 300,000 or 400,000 barrels of flour at that one point is within very reasonable expense. Now when you went to Philadelphia I vainly tried to reach you with a line with regard to a project in Philadelphia and I telegraphed Mr. Martindale but he was so pushed he could not see you. There are two companies in Philadelphia, one in connection with the Reading and one in connection with the Pennsylvania. Private companies. I think the Pennsylvania gave the land for the erection of a fine store house. They receive all rail flour and they keep it for ten days free. After that they charge three cents a barrel a month. The profit on the three cents a month has enabled them to pay a very liberal dividend. Some such arrangement might be made here. The city might give us this property, the State might do it, put up this edifice and create an accommodation for the storage of flour.

By Mr. Fairchild:

Q. This park is directly opposite the canal piers? A. Yes, sir; you could have what they call a walking sidewalk, a link belt arrangement from each of those piers.

Q. It is made of filled land, is it not, where the water used to come in? A. Yes, sir. Then at Fifty-fourth street the same condition might exist, in a limited way, for local consumption. A hundred thousand barrels of flour could be held there all the time. Of course, at Sherman's creek, there is no earthly reason why the city of New York should not control the entire fruit traffic of New York and New England points as well. From this point at Sherman's creek, all winter long, the cities along the Sound could be reached by canal boats, which could operate all through the winter. So that we have at Sherman's creek, midway at Fifty-fourth street and at the Battery, on property already belonging to the city, with a very moderate expenditure, very great accommodations for this trade.

Q. There is no competition now between the railroads and the canal on flour and there is on wheat. What is the difference in the rate at the present time? A. The discrimination against American flour which is, I say, the most important article of our manufacture and export, in favor of the raw material for the sake of the English miller, is simply prohibitive of profit to the American miller. They can carry wheat to-day from Buffalo to New York, say, for two and a half cents a bushel. That is equal to about four cents a hundred pounds. Now there are 200 pounds in a barrel, that is eight cents. The rate by railroad is twenty-two cents on flour. That is a difference of fourteen cents on every barrel of flour, a premium to the English miller because that wheat comes down here with that discrimination in its favor. It is pumped up into a line that goes directly to Manchester, say, where it feeds 8,000,000 of people. They stop there with a discrimination of fourteen cents. We cannot make any money because the English miller sets the pace at which Mr. Pillsbury must travel. The American miller is perfectly content if he makes two and a half cents a barrel. If he had ever made it, as an average, he would make a great dividend. He cannot make it with such a discrimination and the development of the Manchester canal has enabled people to take grain to the miller's door, in Manchester, for very little more than it costs to take

it from South Dakota to Minneapolis to Mr. Pillsbury's mills, and he has got to carry it all that distance, including lighterage in New York harbor.

Q Have you not found that in every line of business, at every port, where, with men of experience, the question of the commerce of New York is discussed, that they all place the prime reason as to the charges in New York upon the high cost of living in New York? A. Very largely. I think the commerce of New York is more menaced by the excessive cost of living in New York than by any other circumstances.

Q. The difference in that respect between this port and the outports is remarkable? A. Yes, sir. The difference between manufacturing centres like Newark, Paterson, Trenton, Philadelphia and New York is very marked in the matter of rentals, taxes and food so that competition is very adverse to New York.

Q. Have you, yourself, known of any instance whereby, by the high cost of living here, manufacturing concerns have removed from this locality? A. I can not say solely because of the high cost of living. The high cost of manufacturing drove the Stevenson Car Company out of this place. There is almost a daily exodus of manufacturing people from New York to these cheaper places. I do not see what chance a manufacturer has here compared with Philadelphia. In the first place the taxes are forty-eight dollars a head for a man, wife and three children. Then comes the question of lighterage. You have just shown that it costs about twenty-five cents to deliver a barrel of flour here, as much to deliver a barrel of flour from the Battery to One Hundred and Twenty-fifth street, as it does to bring it from Duluth to Jersey; more than that.

Q. Will you state what other classes of package freight could be readily accommodated by providing the terminal facilities and storage? A. Yes, sir. Take provisions other than flour. I am more connected with flour because it is the largest thing. Take all sorts of provisions, hams, bacon, pork and all that class of provisions, all could be accommodated. Apples, potatoes and everything the public consumes, but to a far greater extent must your minds be directed to the exports of manufacturers from this country. I think Mr. Raymond brought out some facts in that

regard, as to the movement of iron, which are important. That is, of course, more or less bulk freight. Take the matter of wire nails, take everything that we export. Our only chance of competing with the markets of the world will be a cheap freight from the point of production. There is no region in this continent in which the production is so wide as on the shores of the Great Lakes. If that can be brought down to the foot of the lakes and brought down here at the cheapest possible freight rates and stored here, free transfer storage given, and from thence exported, we would have an enormous advantage. While you have been giving your attention to bulk freight and the matter of grain, the relative importance of grain as compared to package freight is as twenty-five per cent. to seventy-five per cent.

Q. Have you not found that the railroads are enabled, to a considerable extent, to cut down rates on bulk freights by reason of the profits they can make on package freight? A. Yes, sir; and the canal man suffers because of that. It is notorious that the New York Central railroad is carrying grain, 1,000 bushels in a car for two and a half cents. That is twenty-five dollars, 500 miles, for a car, while the lighterage is eighteen dollars. The railroad gets seven dollars for carrying 1,000 bushels of grain 500 miles, and an empty back, while the lighterage on that stuff for a mile and a half, without any fixed charges, is eighteen dollars.

By Commissioner Shayne:

Q. What would be the legal charges on that? A. I do not know that there are any fixed charges. That is how they compete with the canal. If the canal was fixed so it would carry most profitable package freight, as well as everything the West produces and we consume and export, they would not be able to do that. The canal would regulate the freight to a degree far greater than it does now.

By Mr. Fairchild:

Q. While the enlargement of the canal, the increased capacity of the canal boats, would result in increased quantities of bulk

freight, wheat and pig iron, coming to New York, it would have no effect whatever in the transportation of package freight unless the terminals suggested by you were provided? A. Suppose my good friend, Captain Smith, came down by Grant's Tomb with his freight. What would become of him if he had a cargo of nails for Japan to-day? Where would he go? He can not tell you where there is a spot he can put his nose in. The piers which were dedicated to the canal for terminals, where he ought to be allowed to lay, he is driven away from by the New York Central railroad, his bitter rival. It is the most atrocious crime that was ever committed against the city or State. Captain DuPuy testified before the dock commission, when I was getting these terminals, that one day he had been at ten piers to get his load, gone from one to another to get a little bit of a load and I believe he carried the stuff from here to Buffalo at sixty cents a ton. With regard to the package freight I should say that there is nothing that New York needs to-day so much to atone for her disabilities, in the way of storage and shipments, and her point of receipt, as cheap freight westward. That can be got alone by the canal. If you could do without the lighterage of sixty cents a ton and carry freight to Buffalo for the lighterage, why New York has the call upon the other cities on the Atlantic Coast. The J. B. King Company of Staten Island to-day have been shipping plaster from their works at New Brighton to their storage in Buffalo at thirty cents a ton, one-half the lighterage charge which the New York Central charges before it reaches their docks. I say to you that there is nothing that you can imagine would benefit New York to such a degree as that tremendous advantage of shipping so cheaply to the lower end of the lakes.

Q. It was stated here that this country had no foreign competition in flour. A. I think that was a slip of the tongue. I do not think the gentleman meant it.

Q. To what extent is there competition? A. Immense.

Q. What countries? A. Hungary is a great competitor. France has been a competitor. Argentine enormously. Canada, of course. I say that there is a larger wheat area in Canada

than in the United States. With the proper facilities at this port you would get all the Canada flour. You could get every bushel of wheat and flour that is made in Canada if you had the proper accommodations for it. This is a natural market. Montreal is only open six months in the year. The tonnage is nothing at Montreal as compared to what there is here. You can only go to two or three ports from Montreal, while from New York you can reach every port in the world. It is only needed that New York take advantage of her expenditure of \$100,000,000 on the canal to simply hold her own against all the world.

By Commissioner Shayne:

Q. Did you read this estimate of the superintendent at Albany? I would like your opinion on that. (Paper handed to witness.)

A. I read it. I read with very great interest the letters to Mr. Greene's commission last night.

By Commissioner Smith:

Q. Do you think there is any kind of freight that could not be carried by the canal? A. I suppose that articles like very slightly cured hams and articles of that kind of a perishable nature, perhaps very bulky things such as westward-bound pianos, boots and shoes, stoves and tinware would hardly go by canal.

By Mr. Fairchild:

Q. There is a western package freight company now on the canal, is there not? A. Yes, sir; but it is the greatest misnomer in the world. It is really a pity that a man can not get to this pier (pier 7), which is supposed to be free to canal purposes, and on which derricks are operated exclusively for transportation companies which are really railroad corporations. For instance the Western Transit Company professes to be a canal line and under the law gets that exclusive right. Not content with taking four other piers, the New York Central, through the Western Transit Company, also takes that pier. Now it is not a line. A line of boats or a regular line consists of the man that owns the boat, that has

a regular time of departure and that carries freight both ways. The western transit line does not own a canal boat and it does not carry a pound of stuff coming east.

Q. What other lines are there? A. The Diamond Dispatch.

Q. What railroad company owns that? A. The Lehigh Valley. Nearly every railroad company has a line. Not content with taking six piers they have taken the seventh in that way. The canal men are at the mercy of these lines.

Q. The railroad companies divert freight from the railroads through these lines on the canal for westward bound package freight? A. Yes, sir.

Q. You are very confident if the railroads could carry it cheaper west they would not take it by canal? A. Yes, sir. I would like to make the point that my belief in the inadequacy of the canal is not because of physical reasons at all nor because of political influences but because of the lack of traffic organization. If there was a traffic organization on the canal equal to that that exists on the railroad, the canal would hold its own against the railroad all the time, but the difficulty is that it is only an individual effort by men who are becoming less and less competent every year. If you could imagine that the New York Central Railroad was inherited by the State, owned by the State, the track equipment and everything was owned by the State and there was no superintendent, no organization, but that each freight conductor carried his own freight and sought his own patronage, when his train came here he would have to run around and hunt up freight, and when he got to Buffalo he had no place to go and when he came back to the Harlem flats he would have no place to go, what chance would he have to get a cargo?

Q. And if the car arrived at New York city terminals it was refused admission? A. Yes, sir. The canal men to-day are in the most abject position because of the State's having limited the capitalization of corporations to navigate the canal to \$50,000, because one fleet would amount to that, and then denies them these terminals.

By Commissioner Shayne:

Q. What is the remedy? A. The remedy is the repeal of the law and the creation of terminals. Of course I think the improvement of the canal is an absolute necessity. The creation of terminals is the chief remedy and the encouragement of incorporation. Now a through bill of lading by the railway is a very good thing. They give a through bill from Pillsbury's mills to Antwerp but it can not be done by the canal, because the moment Mr. Pillsbury goes to the First National Bank at Minneapolis with a bill they ask "Whose bill of lading is this?" He says "It is the railroad to Duluth and then a boat line." "Who at Buffalo?" they ask. "Captain Beadle." They say "I do not know anything about Captain Beadle." Perhaps it is Captain DuPuy or Captain Smith. They say "I know the New York Central Railroad, I know the Lehigh Valley. I do not know these gentlemen. I do not know but when they get to Syracuse they will run on a bank and I have no remedy." Then they say "Where does he put this stuff in New York?" He has no place. If he gets opposite the Hamburg pier he is run down; if he gets in front of a Staten Island ferry he is run down. He has no place to go. He is homeless, hopeless.

By Mr. Fairchild:

Q. Is it not a fact that at the present time there is not a pound of food provisions, except grain, raw material, carried on the canal? A. There is nothing that is brought by the canal in the way of food provisions that I know of.

By Commissioner Smith:

Q. Have you formulated a plan of how many piers, how many sheds, what kind of a system should be instituted at the terminals for the accommodation of canal traffic? A. Not precisely. I have had it in my mind. I am not in favor of State terminals because it is a difficult thing for the State to go into the storage business, the granting of warehouse receipts. These people could not afford to lay out of their money very long. I think some

such system as is in vogue in Philadelphia would be good. I think that is a good lesson for us. I think the Commission could, with great propriety, invite Mr. Hay to tell you about it, or to send somebody down there to investigate. It has worked like a charm. I think a private company or a series of companies would be formed if the city would say "You can have a twenty-five year lease of this property if you will erect accommodations for so many barrels of flour and give a certain amount of storage, give storage to meet those the railroads offer.

Q. You could not incorporate that in a law? A. I don't think you could.

Q. It would have to be a matter of regulation in the hand of some official? A. Yes, sir.

Q. You have not thought out a plan? A. Except on that broad term.

Q. Nor how extensive a thing it would need to be? A. It would need to be a public thing and yet in private hands, a large company like the Produce Exchange, a corporation it would have to be because the credit would have to be pledged, their custodianship and their care of the property and their ability to see that everything was done in a proper business style, very much like the Brooklyn Wharf & Warehouse Company, using the city property.

Q. Do you think the construction of necessary sheds and the dredging out between the piers on that property owned by the State in the Erie basin at Buffalo would be sufficient accommodation? A. Abundant. You will remember that there are three piers, I think, 600 feet long and 100 feet wide. You could have a series of boats coming in there all the time. It would accommodate all the flour and with elevators on the other side of the river, the Raymond elevator which is available now, a good share of the grain. Those two things together would make a canal terminal unequalled, unapproached.

Q. Then an equal number of piers in this city would do all that was necessary here? A. You have got the two properties owned by the city and the State; only put them in shape and capital will take them up at once. With an improved canal and those two things the flour trade of America would be revolutionized.

Q. If you put it in the hands of private individuals wouldn't they deny canal boats? A. They would have to be bound down by the most rigid rules or they would forfeit their charter.

Q. You would put in the contract that they should admit any boat? A. Yes, sir; and give them free storage and free wharfage. At the same time they would be in business themselves. No difficulty in formulating such a plan.

By Mr. Fairchild:

Q. Why wouldn't the simpler plan be to provide, on the part of the State, in connection with the terminal facilities, the storage capacity, and under supervision of the State allow canal lines, corporations controlling canal lines to be allotted space, so that instead of one corporation owning the warehouse itself there would be as many corporations as the business itself would admit? A. That might be. I believe the less the State has to do with the business the better.

Q. From your observation what is your opinion of canal traffic compared with railroads? A. Well, Mr. Hewitt has recently brought out a statement changing his attitude, in which he brought the rate of rail freight down so low as to compete with the canal. In that statement he did not take into account the fixed charges upon the construction of the railroad nor did he take into consideration the lighterage charge. Now there are five railroads paralleling the canal. The amount on which fixed charges is paid is \$650,000,000. The average rate is about five per cent. on that sum. That added to the extraordinary charge of railroads and then sixty cents a ton for lighterage makes the impression that he made upon the public mind an erroneous one. If you add the interest on \$650,000,000, the maintenance of the wear and tear on the railroad to the rate of freight and compare it with the canal charge, which is maintained by the State and on which there is no fixed charge, and on which there is no charge for lighterage, you will see at once that the impression that he has left in the public mind is most unfair to the canal. But it is impossible to believe that with the same improvements, the same

gain in machinery as now on the railroads, the same growth in the equipment relatively as between the canal boat carrying 8,000 bushels and a ten-ton freight car and a thirty-ton freight car, if the canal had gone forward as rapidly as the railroads it would not hold its own against it all the time. The best that has ever been done yet, in the movement of coal, is on the Chesapeake & Ohio, where the rate is two mills a ton per mile, without fixed charges, without terminal charges, without maintenance and without lighterage. Take this plaster, being taken from Staten Island to Buffalo at a half a mill per ton per mile. If it was forty-five cents it would be a mill a ton per mile. At thirty cents it is two-thirds of a mill a ton per mile. I presume the best boat on the canal to-day would hold no comparison at all to the new Vanderbilt locomotive.

By Commissioner Smith:

Q. Have you fixed ideas as to what the improvement should consist of? A. No, but generally I have an idea that the \$6,000,000 expenditure and the widening of locks and the size of boats suggested for that purpose, carrying about 16,000 bushels, would be the best thing. I am not going to express any definite opinion.

By Mr. Fairchild:

Q. Have you ever been able to find among the producers in any line of business in the section that the canal would feed if it was improved, any man not in favor of canal improvements?

A. On the contrary, I have met a thousand people in the last four or five years. I have never met one but who has been an advocate of improved canals. Might just as well not have any boats on the lakes as not to have the canal improved. I think the sentiment was fully shown in the majority in the nine million dollar appropriation vote. There was nothing struck the people so advantageously as that.

Q. You have found in all that section of the country, that every man who has to pay freight is in favor of canal improvements and the opponents of canal improvements are found among the men to whom the freight is paid? A. I do not know

that I can answer that question. I am not well up on the canal itself.

By Commissioner Smith:

Q. The freight is paid by the people and the railroads are the ones who receive freight. The people would naturally be in favor of and the railroads against the canal improvement? A. I think that goes without saying.

Commission here adjourned subject to call of the chairman.

New York, September 19, 1899.

A public hearing of the New York Commerce Commission was held this day, in the rooms of the Commission, Times building, New York city.

Present: Messrs. C. C. Shayne, chairman pro tem., Hugh Kelly and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman pro tem. called the meeting to order at 11.01 o'clock.

CHARLES E. WHEELER.

CHARLES E. WHEELER, having been first duly sworn, testified as follows:

By Commissioner Smith:

Mr. Wheeler has been asked to come here because he is the manager of the Cleveland Steel Canal Boat Company, the only company possessing steel boats on the Erie canal, and the statement appeared in one of our prominent trade journals that he contemplated adding very largely to his fleet and carrying out some new plans in regard to them. It seemed to me that it would be very desirable to put on record what Mr. Wheeler's views are concerning the canal and his future plans if it is improved.

By Mr. Fairchild:

Q. What is your full name? A. Charles E. Wheeler.

Q. Where do you reside? A. Cleveland.

Q. What is your business? A. Manager of the Cleveland Steel Canal Boat Company, manager and secretary.

Q. Will you explain what that company is, the Cleveland Steel Canal Boat Company? A. The company is incorporated under the laws of the State of Ohio with a capital of \$175,000, all of which is paid in. We are the owners and operators of four steamers and fifteen consorts that ply between the ports of Cleveland and Lorain, Ohio; New York and Bridgeport, Connecticut.

By Commissioner Smith: Bridgeport, Connecticut? A. Bridgeport, Connecticut.

By Commissioner Kelly: From Ohio? A. Yes, sir.

By Commissioner Smith: Without breaking bulk? A. Yes, sir.

By Mr. Fairchild:

Q. When was the company organized? A. It was organized in 1895.

Q. What is the capacity of each boat? A. They are about the same as the wooden boats. Our boats are a little heavier than the wooden boats; owing to the lake service they are reinforced. Our largest consorts will hold 240 net tons; our smallest consort 210 tons, and our steamers 110 tons.

Q. The capitalization of your company is \$175,000? A. Yes, sir.

Q. What is the cost of each of the boats you have provided? A. On an average they cost about \$15,500.

Q. In that capitalization of \$175,000 did you provide for increasing your plant? A. Oh, yes.

Q. You had that in contemplation at the time you organized; that the four fleets were only a beginning? A. The four fleets were only a beginning.

Q. Have you taken any steps up to the present toward increasing the fleet? A. No, we have considered the practicability and feasibility of the proposed pontoon boat that we have contemplated building. In the first place we realized, we were satisfied, at least, that our trade, our profitable trade, must come from Cleveland and not from Buffalo.

By Commissioner Kelly:

Q. You mean through business? A. Yes, sir. There is no business at Buffalo to New York in the way of using the Erie canal at present. The lake rate from Duluth to Buffalo is even now much higher, twice as high in fact, as it is from Buffalo to New York on grain. It is no common thing to see boats coming to Buffalo at five cents a bushel on grain to-day from Duluth. The rate from Buffalo here is much less.

Q. That is because of the scarcity of cars and the inability of the railroads to handle the stuff? A. Not necessarily.

By Commissioner Smith:

Q. It is an abnormal and unusual lake rate? A. You might call it abnormal.

By Commissioner Shayne:

Q. Is that not caused by the great demand for steamers on account of the prosperous times? A. It is entirely due to that, I take it. Of course the grain activity is in sympathy with the ore activity.

By Commissioner Kelly:

Q. It is a matter of supply and demand? A. Yes, sir.

By Mr. Fairchild:

Q. And the supply of steamers on the lakes has not kept pace with the demand? A. They do not at present. We had a case the other day in the storage of transit in the Soo canal. There were forty miles of steamers passed through after that break. A procession forty miles long. To come back to the original idea: As I stated it has cost us about \$15,500 each for our steamers and our consorts about half that sum. It is very evident, of course, that while wooden boats are costing about \$8,000 for steamers and \$2,000 for consorts the price of iron and plate has gone up so that we could safely count on thirty-three per cent. additional cost for steel boats. Of course, the best plan would be to use the wooden boats provided they could come to Cleveland.

Under present conditions that is impossible. You cannot effect insurance either on wooden boats or on their cargoes. Having that in mind I considered the possibility of building a pontoon bridge with double sides after the style of a floating dry dock except on schooner lines and allowing wooden boats to pass in at the stern of the boat, where it falls down, and thus allowing those wooden boats to be sent to Buffalo.

By Commissioner Shayne:

Q. Is that in connection with the canal? A. Yes, sir. That thing was taken up before I submitted that to my directors by not less than seven or eight of the most expert engineers and architects in the country, Mr. Nixon of your city among them, and without any hesitation or doubt each and all pronounced the scheme entirely practical. I took it up with the Great Lakes Register and found I could effect insurance, and our directors went so far as to authorize the building of the boat, but pending the decision, this sudden boom in the price of iron came. It is a matter, of course, in which we have to make haste slowly, and we found ourselves unable to get near the ship yards; in other words, the yards were all full.

Commissioner Kelly was here excused.

Q. What is the cause of the advance in the price of steel out there; is it because we are shipping so much to Europe? A. The only answer I can give you is that some person wants that steel worse than we want it: a case of supply and demand.

Q. A demand on the other side? A. It is a domestic demand more than a foreign demand. The cause of the increase in the price of billets is due to structure work in buildings and pressed steel cars that are being made. There is, of course, a legitimate demand in all trades. When you see that for every man, woman and child in this country 500 pounds of steel per year is required you can imagine what a demand there is. The fact is that we have not five days' supply of steel in this country to-day; however, I don't pose as a steel expert.

Q. I simply want to get your idea of the cause of the advance in the price of steel; I contend that the foreign demand together

with the good times has caused the advance in the price. A. I have always believed that the increase is ridiculous. It might as well be sixty dollars as forty dollars. I don't believe that we will ever get a market on a steady, conservative basis until steel is traded as grain and sold on warrants, so that in times of depression a concern might go ahead making steel and disposing of it, the same as grain is disposed of. In times of activity you have got your supply. That will keep it on a normal basis. Now, to go back to the question of the pontoon bridge: We found that it was entirely feasible, and we were just getting ready to build it when we found this increase in steel, and to-day we are unable to build that boat owing to the ship yards being full and the boat would cost us \$5,000 or \$6,000 more than when we first commenced. Still it stands as a practical project and to my mind is one of the chief factors that will serve the Erie canal.

By Commissioner Smith:

Q. How many boats will this pontoon accommodate? A. Six at a time.

By Commissioner Shayne:

Q. I understand that if the canal is enlarged—— A. The enlargement of the canal to my mind would be a very serious mistake, except the deepening of it.

Q. Except the deepening? A. Yes, sir.

Q. Then you mean that to improve the canal would be a mistake? A. No, sir; if you improve it on different lines than you did last year. The papers to-day announce a break at Rome that will take two weeks to repair.

Q. If you say it should be deepened and not widened that is simply a difference of opinion, is it not? A. It is a difference of opinion, but I base mine on what I think is a very good reason. If the canal is widened—I don't see what you are going to do. I mean by that, the widening of the locks which will enable larger boats to be used. If you use a larger boat it necessarily means a scraping of all the boats on the canal to-day. I fail to

understand where the capital is coming from to build new boats and replace the old.

Q. Have you kept posted as to the publication of the testimony taken at Buffalo? A. No, sir.

Q. Which shows that capital has offered to build the boats for the entire canal. If it was widened and deepened a great capitalist offered to buy the canal from the State. We had that testimony from reputable, responsible business men of this State.

By Commissioner Smith:

Q. I should like to get what your views are? A. The fact is that the moment you go to work to build larger boats, in every instance, there is cheapening of the rate of transportation. The advantage will go, not to the boatman, but to the consignee. The port of New York would profit undoubtedly. If your rate to-day is two cents a bushel and you double your capacity the rate will not stay at two cents. It will go down to just the same relative level as it is at present. That is my experience in every line of transportation. The railroads have increased the weight for rails from fifty to one hundred pounds per yard. They are building as high as 80,000 capacity cars and their rates are coming down and have been. They are giving the advantage to the public; it is not going to the railroads. Where you are going to find boatmen to build boats, I don't know; we would not. What is perfectly feasible is the deepening of the canal, so that we could load seven feet if we wanted to. The money you have put in that canal has not helped the boatmen at all. We cannot put a pound more of stuff in the boat. We are going through with the same boat.

Q. Isn't there an increased speed in some places? A. Yes, sir, possibly, although my logs do not show any more trips this year than last. Whatever benefits have been gained in that have been offset by the serious breaks, one of which took place this morning.

Q. Those breaks are not due to the improved canal? A. Yes, sir, to the deepening of the canal, opening of the quicksand and the increased water pressure.

Q. Of course, you know those breaks occurred previous to the improvement. A. Yes, sir, but they were not so disastrous as those we had last year. I went down personally to those breaks last year and talked with the superintendents myself and I failed to find a single man who did not believe it was due to the improvement.

By Commissioner Shayne: We are not discussing that now; that has already been gone over by another commission.

By Commissioner Smith: I think it is an important thing to have this man's knowledge and experience with relation to anything about the canal.

By Commissioner Shayne: That has been passed on by another commission of the State and it is on record, and the record of the commission of the State that passed on that shows all that. We want to get his views as to whether it will be a benefit to enlarge the canal or not. He says he is opposed to an enlarged canal except in the way of deepening.

By Commissioner Smith: If he thinks the improvement has been disastrous to the canal it is well to put on record his views.

The Witness: I would not want to be understood as saying that the improvements are disastrous to the canal. In time it will prove to be a betterment. We would have been, however, a good many thousand dollars better off if the improvements had not been made.

Q. You would like to see the improvements started completed? A. Yes, sir.

Q. Because you can load your boats deeper? A. Yes, sir.

By Mr. Fairchild:

Q. As I understand you, you are speaking from the standpoint of a boatman and are not in favor of the improvement of the canal that would lower the rates without any corresponding benefits to the boatmen? A. Surely.

Q. And while that is your position from your experience on the canal you concede that an enlargement of the canal and the resultant larger boats and larger tonnage would lower the rates? A. Yes, sir.

Q. To that extent it would benefit the port of New York? A. Yes, sir; but it immediately comes into the question that if companies understand that the rates will be lower and the advantage of the widening of the canal is to accrue to the consignee and not to the transportation lines, I fail to see how you can interest capitalists and build larger boats; however, you may be able to accomplish it.

By Commissioner Smith:

Q. On this point you would understand that people who, for instance, the provision producers in Chicago, have an interest in all rates of transportation so large that if united it might be to their advantage to put on boats adapted to the improved and widened canal for the lower rate of transportation they would get and the larger return they would get for their product. So to all millers of the Northwest. If they could work a combination and put on lines of boats; and when I say this, I have in mind suggestions that have been made by the representatives of those people to this Commission. You can see that the larger boats and reduced transportation would inure to the benefit of the purchasers if completed? A. Yes, sir, there is no doubt about that.

Q. So too in the steel-making business. There are people in Buffalo who contemplate putting in large plants, and the rate of transportation, which would be reduced as a consequence of widened locks, would inure to the advantage of those people. The whole thing would be a benefit to commerce.

The Witness: You have at this end a magnificent metropolis; you are lacking at the other end. Buffalo is not a manufacturing city; it is a city whose greatest commerce is the distribution of anthracite coal and grain. You have there sharp competition with three or four different railroads, from Buffalo to New York, that have been able to more than meet the rate, as you and I understand and know well. The great trouble, to my mind, is first: Lack of terminals at New York where any freight can be handled except grain. Your second trouble is your inability to ship freight west of any cargo whatever at a fair rate.

Q. By water? A. By water or by canal and rail. Cleveland is the farthestmost point east where you can meet independent lines of railroad. When you strike Buffalo you have the Lake Shore and Michigan Southern, the Michigan Central, the Nickel Plate and the Erie. Three of them are Vanderbilt roads, and all of them are working in close harmony, and they refuse to make any working arrangements with the canal. When you come to Cleveland you strike an entirely different condition of things. The railroads there meet us and make rates with us, as with every other lake line, on what are called proportional rates. That rate is published and on file in the records of the Interstate Commerce Commission, and is used by all railroads operating to the southwest in particular. We send our sugars that we are taking from here from Cleveland to Peoria for seven cents of local rate, and from Chicago to Peoria it is not less than twenty cents. My own opinion is that your canal is short about 175 miles; it ought to go to Cleveland. It ought to go to the south shore of Lake Erie, where you get a good rate of the combined railroad interests.

Q. It does through your boats? A. Yes, sir.

By Mr. Fairchild:

Q. Have you observed the situation on the lakes regarding the lake lines and how they are controlled, if at all, by the railroads?

A. They are controlled by railroads. All the freight goes by freight lines, which are a part of the railroad system.

Q. All of the lake lines? A. I don't know of a lake line carrying package freight that is not controlled by railroads.

Q. So that your line from Cleveland, that is the steel boats, is the only line that reaches New York through the Erie canal that is not in the control of the railroads? A. No, I would not say that. From Cleveland the Cleveland and Buffalo Transit Company are not in the control of any railroad.

Q. They operate from Cleveland to Buffalo? A. They operate very closely with the railroads. Do no canal business of any account whatever. I don't think they do any more canal business.

Q. Now, from the time you have organized or from the time

you placed the boats on the canal, have these boats been used to their full capacity? A. Yes, sir.

Q. Both east and west bound? A. Yes, sir.

Q. What terminal facilities have you in New York? A. None.

Q. What terminal facilities have you in the port of New York? A. None.

By Commissioner Shayne:

Q. Would it not be a great benefit if you had? A. Unquestionably. I am refusing package freight every day in the week because of that fact.

By Commissioner Smith:

Q. Which way? A. To New York and from New York. From New York I don't care for it; I am taking sugar and have loaded for the last four years their full capacity with sugar.

By Mr. Fairchild:

Q. Nothing else? A. Nothing else. If we tried to get any business we have no place to receive it when we get here and have to dump it on an open dock.

By Commissioner Smith:

Q. Could you get first-class freight if you had a covered dock? A. Unquestionably I could, any kind of freight; I am refusing it every day. If we had such accommodations it would open up all the southwest district to us. I can get orders from St. Louis to New York, the same from New York to East St. Louis.

Q. It would not pay to hire a dock at present rate of rentals? A. No, sir. My idea is that there should be some plan in New York whereby any canal boat could get to a warehouse and pay their proportion of the cost of discharging their freight, and not have to plead the papa act. If the canal cannot stand on its own merits, without having the State of New York build elevators, it better go. I am willing to build a warehouse, I know what it costs.

By Mr. Fairchild:

Q. Your suggestion is that terminal facilities should be provided here by the State, but there should be a charge sufficient to pay the expense? A. Yes, sir; I don't know why the Erie canal should be made such a pet of by the State of New York any more than the railroads should. I am willing to pay my share for what warehousing I want. I don't want the State of New York to pay it for me. I do ask as long as they control the water front that they give me a suitable place to discharge my cargo.

Q. Would you consider it advisable under any such system for the State to allow a period of free storage? A. No, I would be opposed to that from my political principal.

Q. You would be opposed to ten days free storage? A. Do you mean for the benefit of the consignee?

Q. A sufficient length of time of storage to give the consignee an opportunity to remove package freight from the dock? A. I would not want to answer that; that is entirely a question which is your own business, so to speak. If the city of New York wants to give its people ten to thirty days, well and good. So far as the boat line is concerned, my idea is that it should go to the dock and pay for the use of the warehouse there for forty-eight hours, which is the usual time. If after forty-eight hours the freight is not taken let the city of New York charge the consignee, or if it wants to give sixty days, that is a matter I don't care about. The transportation line should furnish a reasonable time for the consignee to get it away.

Q. It has been suggested before the Commission by package freight men of New York city, that facilities for a proper length of time, a reasonable length of time for free storage should be allowed under any such system? A. It is utterly preposterous.

By Commissioner Smith:

Q. You are aware that the railroads do give a certain period of time of free storage? A. Yes, sir; but they keep the stuff in the cars, Mr. Smith.

Q. Not altogether? A. I have the largest warehouse in the

city of Cleveland to-day. I have a capacity there of 15,000 barrels of sugar. Two fleets will fill that warehouse; I have got to get it away.

Q. What terminal facilities have you in Cleveland? A. Very fine terminals.

Q. The property of your company? A. They are leased to us.

Q. Did you erect the building? A. Yes, sir; we have just erected one of them. Just finished one of them. I was in New York yesterday to see about the hoisting engine for the new warehouse.

Q. How is it that you find it to your advantage to lease your terminal facilities in Cleveland and erect your building and do not find it to your advantage to lease your terminal facilities here? A. Property is not so valuable in Cleveland as it is here and my relation with the railroads are very much better. I can secure a warehouse on railroad property.

Q. You are referring now to the connecting railroads that you are able to make terms with when you get to Cleveland? A. Our business is turned over entirely, going southwest, to the Big Four road.

Q. The reason you are enabled to operate with the railroads at Cleveland is because of the competitive conditions in Cleveland that do not exist in Buffalo? A. It is the basis upon which the railroads have been working for years.

Q. Have you any terminal facilities at Buffalo? A. No, sir; we never stop at Buffalo.

Q. You have never contemplated stopping there? A. No, sir; we have never done so.

Q. From 1895 down to the present time your business has been confined to what line of freight east-bound and what kind west-bound? A. Grain and billets. We brought down considerable miscellaneous freight. For instance, the rudder for the boat Kearsage. We brought down the rudder frame, I should say. That is nineteen feet in width, and would never pass through a tunnel on a railroad. There is only one place in the United States where it could be forged, and that is in the city of Cleveland.

They could not take the order unless we would bring the rudder frame. We brought down rudder frames for nearly all the new men of war. In addition we have brought down every rail that is here in your traction railroad, brought down 60,000 tons for them, and in addition to that we are loading a fleet to-morrow with a thousand tons of billets at Lorain, Ohio, for Troy. We bring down a large amount of iron.

Q. How is one year compared with another in the transportation of billets in your line, from 1895, down to the present time?

A. We are handling more this year than ever before.

Q. How does last year compare with the year before? A. We hauled none last year or the year before. The first year we hauled considerable.

Q. It is really a business that is just commencing on the canal, the transportation of billets, the last few years? A. Yes, sir.

By Commissioner Smith:

Q. Was it due to any depression in the trade that you did not bring any last year or the year before? A. No, sir; because I could not get accommodations in New York. I have had fleets come down with rails and stay here thirteen days to unload.

Q. That is the reason you did not bring it? A. Yes, sir.

Q. If you had had accommodations to store it you would have carried it? A. Yes, sir.

By Mr. Fairchild:

Q. Where do you take your billets now when you arrive here? A. We are not bringing any. I would not accept any for New York.

Q. You are delivering them where? A. Troy, to the Continuous Rail Joint Company.

By Commissioner Smith:

Q. Have you any particular preference for the discharge of the merchandise you bring down here? A. I am not acquainted with New York enough to express an opinion.

Q. If this Commission should recommend in its report to the

State the location of certain shedded piers for the accommodation of canal traffic would you be able to advise us what would be most convenient for your business? A. No, sir.

Q. Would you say whether you would confine your suggestion to Manhattan Island or would you say that much? A. So far as our lines is concerned I would just exactly as soon discharge at Staten Island as here.

Q. So far as what line is concerned? A. Our boat line. It makes no difference to us. That is entirely a local matter that you gentlemen can decide for yourselves; you know.

By Commissioner Shayne:

Q. You have no special interest in the port of New York? A. No, sir.

By Commissioner Smith:

Q. Other people that have testified before us have had preferences and I thought perhaps you had. A. No, sir; I care nothing about it. I have no preference for one location over another. All I want is to get my boats unloaded and get them started away. A boat can only make money when she is away from the dock.

By Mr. Fairchild:

Q. In your opinion with the present canal without any further enlargement, if there were proper terminal facilities provided in connection with canal traffic in the port of New York, would you be enabled to largely increase your traffic and would it necessitate largely increasing the number of your boats? A. There is no more doubt of that than that you are sitting in your chair; unquestionably that is true.

By Commissioner Smith:

Q. I presume you would not want to place the limit on the number of boats you would build if you had the necessary accommodations? A. I was told by a shipper, one of the largest in New York, that he would load every boat that I could put at

their place. Load every boat I could give him this next year. So far as the other end is concerned I can load at Cleveland instead of six boats a week, ten boats a day.

By Mr. Fairchild:

Q. If you had terminal facilities here to handle package freight? A. Yes, sir; even without terminal facilities if I had boats now I could load ten boats a day every day this year with grain right in Cleveland.

By Commissioner Smith:

Q. If you had terminal facilities here I presume there are other Lake Erie ports you can get increased cargoes from apart from Cleveland? A. Yes, sir.

Q. Will you state? A. South Lake Erie is the most important of the great lakes, commercially speaking. You have there the cities of Detroit, Toledo, Sandusky to a less extent, Cleveland, Erie, Buffalo. Unquestionably the greatest of them all is Cleveland. It is a city that is growing vastly more than any city between Chicago and New York. We have now very nearly 400,000 inhabitants, and there is a wonderfully large manufacturing center. South of Cleveland you come into the Youngstown district, which you might call the Nation's blacksmith shop, so to speak. Nearly all your iron products come from right along that valley from Pittsburg to Cleveland. They have there all the paving brick, thousands of tons of which I refused to carry. There are many other products in large quantity, lumber and various other things. I had a letter from one of the largest chemical works in the country asking me to quote a rate on 5,000,000 pounds of zinc chloride from Cleveland to Galveston, Texas, by way of the Erie canal. So it goes. The steel products are enough to take care of every boat on the Erie canal pretty nearly. Mr. Carnegie's representatives have been to me time and time again with reference to the carrying of their products.

Q. Are you aware whether the rate you quote would be acceptable or did you quote it? A. I did not quote, I did not know what it would cost to Galveston from here.

By Mr. Fairchild:

Q. Have you had any trouble in procuring insurance on your steel canal boats? A. No, sir. I would state that to secure a high efficiency in the operation of boats on the Erie canal, there should be a system of licensing navigators.

By Commissioner Smith:

Q. Have you in contemplation with your pontoon service the use of wooden boats? A. Entirely so; our boats cost four times as much as a wooden boat.

Q. What is the cost of your consort? A. It is \$8,000. You could not build them to-day short of \$12,000. Your wooden boats cost \$2,000. I think I could build a dozen for \$2,000 a piece.

Q. In ordinary times it costs \$8,000 to build steamers? A. Yes, sir; I could duplicate it in ordinary times for that.

By Mr. Fairchild:

Q. Do I understand that you can secure insurance for your wooden boats in connection with your pontoon system? A. Yes, sir.

Q. They are not subject to the dangers of Lake Erie navigation? A. No, sir; they are encased in this pontoon; they could be carried in this pontoon to the upper lake ports if you wished. If I had built one pontoon I should have required in the neighborhood of ninety-two boats to take care of my business in that one boat.

Q. In one pontoon? A. Yes, sir.

By Commissioner Smith:

Q. That is so by the turning over of the service; you can carry six at a time? A. Yes, sir; figuring up the time in transit it would keep ninety-two boats busy. I wish I had \$1,000,000 of money to put in that canal, to put in a few pontoons to go to Chicago and other places.

Q. You contemplate going farther than Lake Erie? A. Yes, sir; there is no difficulty whatever in those boats in a pontoon to go to Duluth, if you want to.

By Commissioner Shayne:

Q. I would like to say to you that when you go back to Cleveland you can tell them that there is plenty of money in Chicago and New York to invest in such enterprises, and especially in Buffalo? A. Well, I don't know; I find capital a little timid about Erie canal matters.

By Mr. Fairchild:

Q. I presume that is largely because of the transition state?

A. We have made no money with our boats at all this year.

By Commissioner Shayne:

Q. Has it not been because the State has been too largely in the hands of politicians, both parties? A. Yes, sir; I would like to see the canal turned over to the federal government; I don't know what New York can get out of that canal except traffic.

Q. You say you favor federal ownership? A. Unquestionably. Let me illustrate that. While I was working with the Lake Shore road it was necessary at Toledo to put a little bridge over a creek there. The Lake Shore maintained it for years, making repairs, keeping watchmen to turn that bridge, and so on. That bridge cost them possibly \$10,000. One fine day the city of Toledo forgot the law in the case and allowed a couple of street car tracks to go over that bridge. The Lake Shore road immediately took their watchman away and turned it over to the city. The Lake Shore gave up \$10,000 of its assets and was glad to do it. I think it would be to the interest of New York State to give up the Erie canal. She would get everything she had before.

By Commissioner Shayne:

Q. You are in favor of the government getting the canal in control? A. Yes, sir.

By Commissioner Smith:

Q. Would you fear that if the Federal Government got control that the canal would be closed? A. I think it would be safeguarded.

Q. Suppose the General Government did not do what is required? A. I would not fear it any more than I would fear that under the State control it would be closed.

Q. You are aware that there are a great many ports that are jealous of the traffic that is going through this port. You would not fear that if the canal was in the hands of the Federal Government, and the matter of an appropriation was brought up in Congress that the representatives of these very ports would defeat the measure which would result in the abandonment of the canal? A. I hardly think that is a thing to be feared. If it is to be feared along other lines than one port jealous of another.

Q. Don't you think this State gets benefit enough out of it to justify it in maintaining it and improving it? A. Well, you are better familiar with the statistics than I am; I cannot say what the business has been.

Q. It is a great benefit to the State? A. It has been undoubtedly.

By Commissioner Shayne:

Q. You are aware that on the run of the Erie canal from Buffalo to New York that large cities have been built up since the Erie canal has been built, large cities on the Erie canal, all of which are a great benefit to the State? A. Yes, sir.

Q. It has been a benefit to the State? A. I am not advocating the abandonment of the Erie canal. Nor would I have thought that turning it over to the Federal Government meant its abandonment. I would be the last one to advocate such a thing. What I am speaking of is in the line of securing greater efficiency.

By Mr. Fairchild:

Q. You have not contemplated what possible effect there might be in securing appropriations by Congress, from the competition of southern ports, the competition of the Gulf ports for a certain amount of business; the competition of Newport News and Baltimore in Maryland, and Philadelphia in Pennsylvania and Boston in Massachusetts. A. I fail to see where there should be any

more danger by the canal than by a river, if it were a navigable river.

By Commissioner Shayne: The witness has stated that he has no interest in the commerce of the port of New York. Simply has interest in his boat and ship. If he could do as well at other places he would ship that way. A. I have found that in getting appropriations from Congress that the business done was a large factor. I have been on two or three committees which have been getting up statistics relative to the Cleveland harbor. Our whole aim has been to show the business that is coming to Cleveland. When we could show a certain amount of business there we would have no difficulty in securing the necessary appropriation from Congress to take care of our harbor. If you can show a certain large tonnage coming over the Erie canal I imagine that you would have no difficulty in securing the care of the General Government. If you don't show the tonnage you probably could not. I don't understand why the State of New York should want to foster it.

Q. Don't you know that New York has for many years fought in vain and until this last year continued to fight in vain for a proper channel from the ocean into the bay? A. Well, you never had a chairman of the committee before that came from Cleveland.

Q. By the way, Cleveland is well represented in Washington. A. It is, we have got a good representation.

By Mr. Fairchild:

Q. Have you any other suggestion to make regarding the canals other than those which have been brought out by these questions? A. No, sir; the first point I desired to make was the necessity of deepening the canal according to the original plan, not swapping horses in the middle of the stream. When you deepen that canal we can load our boats deeper and our entire equipment remains an asset. If you widen that canal it would necessitate larger boats and our assets would depreciate very quickly. The second thing that I wanted to illustrate was the fact that you

have got to look for some western outlet for the Erie canal because the railroads refuse to operate with the canals. That is the most serious handicap that the Erie canal has. The third is the general inefficiency I spoke of among the men.

By Commissioner Smith:

Q. Do you think that if your pontoon service could be successful that it would to any considerable extent revolutionize methods on the lakes? That is, there would be a decrease in ship building and an increase in pontoon building, and an increase in canal barge building; I mean a substantial increase? A. No, it would not revolutionize things because the commerce from the upper lakes and Cleveland, and especially in ore, is so large that it must always remain the greatest traffic. When you think there is 15,000,000 tons passing through the Soo every year it is a traffic you cannot revolutionize by one or a dozen pontoons. I think it would give new life to the Erie canal. I think it would give a new lease of life to the Erie canal. I know, without any question whatever, that if I had three or four pontoon boats I could take care of 500 or 600 boats myself and find traffic for them.

Q. You know that? A. Yes, sir.

Q. I presume then it would be the intention of your company to go ahead, one after the other, with these pontoons? A. Our company has been discouraged on account of the many accidents and breaks in the canal.

By Mr. Fairchild:

Q. You have at no time since your organization in 1895 been deterred from increasing your plant by reason of the Erie canal? A. Yes, sir; we have.

Q. Then the question of completing the improvements on the lines that have been started is an important element in your consideration of the question of increasing your plant? A. Yes, sir.

By Commissioner Smith:

Q. That would not deter you in any degree in the matter of building such a pontoon for the reason that existing wooden boats

would be available for your use? A. Yes, sir; one of the greatest things, to my mind, is my inability to secure accommodations. I do not consider it good business to entrust those hundreds of thousands of property to the class of men that are at present to be found on the Erie canal. I have, I think, the best men; I think at that.

Q. How many railroad lines are there centering in Cleveland doing business south and southwest of there? A. There is the Baltimore and Ohio and the Pennsylvania Company; the Cleveland, Columbus and Indianapolis; the Wheeling and Lake Erie and the Erie. I think that is pretty nearly all of them.

Q. All those lines will make rates with you in your business? A. Yes, sir; give me just as fair a rate as any railroad. Of course the rate is a little less than the rail proportion to the through rate. In other words, they give the boat lines a differential.

By Mr. Fairchild:

Q. At Cleveland? A. At Cleveland or any other lake port, except Buffalo.

The Commission here adjourned to meet at the Produce Exchange at 1.30 o'clock p. m., September 20, 1899.

September 20, 1899.

A public hearing of the New York Commerce Commission was held this day, September 20, 1899, in the arbitration committee room of the New York Produce Exchange, New York city.

Present: Messrs. Charles A. Schieren, chairman, C. C. Shayne, Hugh Kelly and Alexander R. Smith, secretary; also Ben L. Fairchild, counsel of Commission, and W. L. Dykman, counsel of International Elevating Company.

The chairman, in calling the meeting to order at 1.40 o'clock p. m., stated that the first witness to be called would be Mr. Edward G. Burgess, president of the International Elevating Company.

EDWARD G. BURGESS.

EDWARD G. BURGESS, having been previously duly sworn, testified as follows:

By Mr. Fairchild:

Q. What is your business? A. President of the International Elevating Company.

Q. How long have you been president of the International Elevating Company? A. Since its formation.

Q. In what year was that? A. 1891.

Q. Had you been in the business of elevating grain prior to that time? A. Yes, sir.

Q. For how many years prior to that time? A. Since 1859.

Q. In business alone or associated with others? A. At times alone and at other times associated with others.

Q. Were you associated with others immediately prior to 1891 up to the time when the consolidation of the several companies took place? A. I was in the firm of Annan & Co.

Q. Who were the members of that firm? A. Edward Annan, John B. McCue—

Q. And yourself? A. And myself.

Q. Do you recall the date in 1891 when the consolidation took place? A. I think it was the 15th of June, about that.

Q. In 1891? A. 1891.

Q. When you refer to the consolidation, you mean the consolidation between the firm of Annan & Co., elevator operators, and other companies, elevator operators? A. Yes, sir.

Q. With what other companies did you consolidate at that time in 1891? A. The New York Floating Elevator Company and an elevator company the president of which was a man by the name of Milton Knapp.

Q. At that time were there any other elevator companies engaged in the business of elevating grain in the port of New York? A. Yes, sir.

Q. What were the other companies? A. A man named Cornell.

Q. Was he ever taken into the consolidation? A. No.

Q. Is he in business now? A. Yes, sir.

Q. And elevating grain. A. Yes, sir.

Q. Does he do much business? A. Well, I hardly know how much he does; he handles all the government grain.

Q. Does he handle any grain other than government grain? A. Oh, I think so.

Q. How many boats has he? A. Two.

Q. What are their names? A. George Albert and Active.

Q. Do you know anything about these two boats as to their capacity? A. Well, their capacity is about the same as our small boats.

Q. Your smallest boats? A. Yes, sir.

Q. Was there any other concern in the business of elevating grain at the time of the consolidation except those you have mentioned? A. I think not.

Q. Wasn't Mr. McCord in the business at that time? A. No, I don't think he was at that time engaged in the elevating business; I think he had sold his interest to this man Knapp; they were formerly partners in the grain business.

Q. Subsequent to 1891 and subsequent to this consolidation did Mr. Henry D. McCord engage in the business of elevating grain? A. Yes, sir.

Q. How many boats did he have? A. They had two.

Q. Do you know the names of them? A. The J. L. Brower was one and the other was the Telegraph.

Q. Wasn't one Columbia and the other Empire State? A. That was some years after that.

Q. I am now asking about the time subsequent to the consolidation? A. Yes; you are right about that; he had the Columbia and the Empire State.

Q. And did your consolidating company subsequently include him and his boats into the consolidation? A. Yes, sir.

Q. In what year was that? A. 1893, about that time.

Q. Is it a fact that subsequent to 1893, with the exception of Mr. Cornell, all the business in the port of New York of elevating

grain has been done by the International Elevating Company?

A. Oh no, not all of it; the Warehouse Company does a large portion of it, and the Erie elevator does a large portion of it.

Q. You are now referring to the Brooklyn Wharf and Warehouse Company? A. Yes, sir, and the Erie elevator.

Q. As to floating elevators, are there any others? A. No, sir.

Q. You had the business exclusively, so far as floating elevators are concerned, in the port of New York? A. Yes, sir.

Q. And have had the exclusive business since 1893, when you included Mr. Henry D. McCord into the consolidation? A. Outside of the Cornell elevator, yes, sir.

Q. At the time of the consolidation of the elevator operators in 1891, do you recall the amount of the capital stock of the company as it was then arranged? A. It was 11,000 shares of stock and \$500,000 in bonds; \$1,000,000.

Q. Do you recall for what that \$1,600,000 was issued? A. It was issued in payment of the stock of the different companies and the good will.

Q. You mean by "stock" the plant? A. Yes, sir; the plant, the elevators.

Q. Can you give the amount that was issued for good will to each of the parties included in the consolidation, in 1897, by reference to this memoranda? (Memoranda handed witness.) A. Mr. Annan received \$185,000 and Mr. McCue received \$158,000.

Q. Mr. Burgess, in giving those items, will you give each item, the amount that was issued for elevators and the amount that was issued for good will, and if there is any amount issued to pay off an indebtedness against the elevators give those figures? A. The stock issued to the owners of elevators for elevators was \$708,085.40.

Q. That is the amount that was issued for elevators belonging to Annan & Co., of which firm you were a member? A. We did not own the elevators; it was in payment of the elevators we had charge of.

Q. Now, go on; is it a fact that at the time of the consolidation that Annan & Co. owned no elevators? A. No, they did not own elevators; I do not think they owned a single one.

Q. They had the control of the elevators subject to an indebtedness against the elevators? A. They had control of the elevators but not subject to an indebtedness; we were agents for those boats, those boats were under our charge.

Q. Who were the owners of those boats? A. They were owned by a great many people, ten or twelve to every boat.

Q. Did you give title to the International Elevating Company to those boats? A. The title of each individual owner was turned over to us and we turned it over to the International Company.

Q. In order to accomplish the consolidation you did secure title to each elevator? A. Yes, sir.

Q. And turned over the boats to the International Elevating Company with a clear title? A. Yes, sir.

Q. And received that seven hundred and odd thousand dollars of stock in payment? A. Yes, sir.

Q. In addition to that there was a certain indebtedness, was there not, against these elevators, that you were obliged to pay in order to give title? A. Yes, sir.

Q. And did you make that payment of the \$708,000 that you received from the International Elevating Company or did the International Elevating Company issue additional stock or securities for that indebtedness? A. There was no additional stock or securities issued.

Q. In addition to the \$708,000? A. The firm of Annan & Company each individual of the firm got so much for good will, and out of that they paid this indebtedness of the elevator.

Q. How much did they get for good will; that was divided up, was it not, so much for Mr. Burgess, so much for Mr. Annan and so much for Mr. McCue? A. Yes, sir.

Q. How much did Mr. Annan receive? A. He received \$185,295.11. Mr. McCue received \$158,624.58.

Q. And Mr. Burgess? A. One hundred and eighty-five thousand two hundred and ninety-five dollars and eleven cents.

Q. Were not those items of \$185,000 each to you and to Mr. Annan, and the amount to Mr. McCue sub-divided into two amounts: one amount for good will and the other to pay for in-

debtedness? A. We received that amount and we paid the proportion of the indebtedness.

Q. Will you give the items showing how much was paid you for the purpose of liquidating the indebtedness against these elevators and how much was paid you as a separate item for good will? A. To Mr. Annan was paid \$35,000.

Q. For which? A. Toward liquidating debts of the boats.

Q. How much for good will? A. One hundred and fifty thousand two hundred and ninety-five dollars and eleven cents.

Q. And Mr. Burgess? A. I received the same and Mr. McCue received \$30,000 toward liquidating the debts and \$128,624.58 for good will.

Q. Now, Mr. Puffer, what boats did he turn over? A. Mr. Puffer, the company he represented turned over the elevators, Liverpool, Oswego, Hudson, Albany and Havre, and received \$175,000.

Q. For the boats? A. For the boats and good will.

Q. Now, the only remaining party included in that consolidation at that time was Milton Knapp? A. Yes, sir.

Q. And what property did he turn over to the Consolidated Company, and what did he receive for it? A. He turned over the elevators J. L. Brower and Telegraph and received \$167,500.

Q. How many elevators did Annan & Company turn over to the consolidation? A. Nineteen.

Q. In 1893, when you included Mr. McCord into the consolidation, how much of securities did you issue to him, and what property did you receive in return? A. We paid \$140,000 for the elevators Columbia and Empire State.

Q. What was the total capitalization in 1891 as a result of the consolidation that then took place? A. One million six hundred thousand dollars.

Q. And what was the capitalization of the consolidated company after you had included Mr. McCord? A. Two million two hundred thousand dollars.

Q. Was there any other company included in the consolidation, or purchased or bought out, subsequent to 1893 when you bought out Mr. McCord? A. No, sir.

Q. Are you not mistaken about that? A. Any other company?

Q. Subsequent to 1893, yes? A. Oh, yes, excuse me, it was the Atlantic Elevating Company.

Q. What did you pay the Atlantic Elevating Company? A. Six thousand dollars.

Q. What did you receive from the Atlantic Elevating Company? A. Received an elevator, the Kings County.

Q. Was it an elevator that was ever used? A. Oh, yes.

Q. Sure of that? A. Yes, sir.

Q. To what extent has it been used? A. It was used considerably; I can't tell you how much because I was not in the habit of going around. I know it was used very largely.

Q. Is it not used now? A. No, sir.

Q. For how long a time has it been in disuse? A. It has been in disuse a long while now.

Q. I think you are mistaken about it ever being used? A. It was used before we got it; we never used it.

Q. It was never used by the International Elevating Company? A. Oh, no; we never used it.

Q. And the \$6,000 in bonds which was issued in payment of the property of the Atlantic Elevating Company has that been paid off, that bonded indebtedness? A. All paid off.

Q. Out of the earnings of the International Elevating Company? A. Yes, sir.

Q. Now, you referred to \$500,000 of bonds issued in 1891, are they still outstanding? A. No, sir; all paid off.

Q. Out of the earnings? A. Out of the earnings.

Q. Were they eight per cent. bonds? A. Yes, sir.

Q. Were they paid off at par or at a premium? A. Paid off at a premium.

Q. What was the premium? A. One hundred and ten.

Q. When were they paid off? A. They were paid off at different times.

By Commissioner Kelly:

Q. When were they finally paid off? A. They were finally paid off in 1893.

Mr. Dykman: The facts are stated in the paper you hold in your hand, Mr. Fairchild, you have it right before you; those bonds were paid off.

Mr. Fairchild: I will bring that out by Mr. Pultz. Mr. Pultz is the bookkeeper and has these matters in mind much better than Mr. Burgess.

By Mr. Fairchild:

Q. Mr. Burgess, what has been the charge imposed by your company for elevating grain, commencing with the year 1891?

A. It has changed since 1891.

Q. Commencing with the year 1891 down to date? A. It has changed.

Q. In 1891 what was the charge? A. Cent and an eighth.

Q. How long did that charge continue? A. It may have run for a year; it may not have run that long; I am not sure about that, because that charge is changing all the time.

Q. It has been greatly reduced from 1891 down to the present time? A. Yes, sir.

Q. What is it now? A. You might call it three-fourths of a cent.

Q. For how long has it been three-fourths of a cent? A. For some time.

Q. For what service do you charge the three-fourths of a cent? A. It is for the weighing of the grain and furnishing the elevator.

By Commissioner Smith:

Q. How much for the weighing? A. We charged five-eighths of a cent, our regular charge.

Q. You charge five-eighths of a cent for every service except for the removal of the elevator to the point where it is to be used? A. Yes, sir.

Q. And all over five-eighths of a cent you charge for moving the elevator? A. For transportation of the elevator, screening and mixing.

Q. Do you make a separate charge for screening and mixing?

A. We make no separate charge; the charge you might say is three-fourths of a cent now.

Q. The only item for which you make a separate charge is the time of the transportation, is it not? A. That is all.

Q. And that separate charge is made for everything over the five-eighths of a cent charge? A. That is it, exactly.

Q. The five-eighths of a cent charge includes everything but transportation? A. Yes, sir.

Q. Where the grain merchant does not require to have his grain either mixed or screened, do you charge him any less than the grain merchant who does require screening and mixing? A. We charge the same.

Q. Do you maintain your rate of one cent and an eighth and allow a rebate or do you charge a separate rate of six-eighths? A. We maintain the rate of a cent and an eighth and rebate from that.

Q. And in every case if the grain merchant gets less than a cent and an eighth, it is as a result of the rebate you paid him? A. Yes, sir.

Q. So that from 1891 to the present time the cent and an eighth charge has been maintained and rebates have been increased gradually from that date to the present time? A. Yes, sir.

By Commissioner Shayne:

Q. You are operating under a charter, are you not; are you a chartered company? A. Yes, sir.

Q. What does the State permit you to charge? A. We are incorporated under the laws of the State of New Jersey. The State of New York allows us to charge five-eighths of a cent; they passed a bill where we were to charge five-eighths of a cent.

Q. You charge a cent and an eighth? A. We are charging under the provision of an agreement with the grain trade.

Q. You have been charging a cent and an eighth, have you not? A. We charge the five-eighths and we charge a half a cent extra as the agreement with the grain trade in New York will show, that makes a cent and an eighth.

Q. You charge a cent and an eighth? A. Yes, sir.

Q. You have been violating the law in making excessive charges, have you not? A. I think not, I hope not.

Q. If the law allows you to charge five-eighths of a cent, and you have been charging a cent and an eighth and make rebates to some people as against the others, is not that a violation of the law? A. We do not consider it that way. In the first place we charge the five-eighths of a cent. The law does not say anything about our transporting or moving our elevators from place to place for handling this grain, that is an agreement with the grain trade; we did not make it, they made it; they imposed it upon us; we did not impose it on them. They can take it off whenever they see fit.

Q. You are aware that the excessive charges of your company has been the cause of diverting the grain business to other ports, you are aware of that, are you not? A. No, I am not; I thought we were a benefit to the port.

Q. Is it a benefit to the port to have this port charge more than any other port in shipping grain? A. I don't understand it so, that we charge any more; the other ports charge more than we do.

Q. In Boston? A. Boston does not do the same business that we do here. We have to cover twenty miles of water front here; Boston does not do that. Boston loads direct from the railroad elevators. Of course we do not compete against those; we do not try to.

Q. It is natural that if it costs more to ship wheat from Duluth to Liverpool by way of New York on account of the terminal charges here, to have the commerce diverted to other ports where it can be shipped at the other port at the lower rate? A. If that was a fact, I should say so; yes.

Q. It is a fact? If you charge a cent and an eighth and the other port ships it at five-eighths, as they do in Boston, not to exceed one cent anyway, is it not natural that trade would be diverted from this port? A. No doubt that would affect the trade if the charges are excessive. I have never thought so and the grain trade has never given us to understand that.

Q. What we are after, of course, is to get at the facts, and to learn the cause of the diversion of the trade from this port to other ports, and you have admitted that your charge is a cent and an eighth while the legal charge is five-eighths of a cent. Would you not conclude from that yourself that if you have been charging more than the law allows that you have not lived up to your charter? A. I don't think, sir, that we have broken any of the laws; I hope not.

Q. It appears that you have? A. We do not want to, that is sure.

By Commissioner Smith:

Q. You say that the grain trade can abate that one-half cent for the transportation of elevators at any time they choose? A. Yes, sir.

Q. What combination or organization of the grain trade can do that? A. The grain trade proper.

Q. Have they an organization? A. No, I think not; it is known as the grain trade, just the same as the oil trade and the lard trade.

Q. The representatives of that trade could get together and abolish that rate? A. At any time.

Q. Would not that be a loss to you? A. We could not help that. It would be a loss. They put it on and they can take it off.

Q. What was the reason of their putting it on? A. They put it on because when the McEvoy law was passed we were unable to work under that law. We could not get money enough out of it to pay our expenses.

Q. It was to help you earn enough to pay expenses that that transportation of elevator charge was put on. It was put on to continue the elevators in business.

Q. That was the reason? A. Yes, sir.

Q. And the grain trade made the suggestion to you instead of you making it to the grain trade? A. I say that; I never had anything to do with it; it is my knowledge that the trade met

and passed that. Mr. Bingham may know more than I do about that. Mr. Annan may have had something to say about it.

Q. You spoke of the Cornell elevators, can you estimate the value of their two elevators? A. Well, I should think they would be worth in the neighborhood of \$50,000.

Q. A piece or both? A. Both.

Q. Have you ever made any offer to purchase them? A. No, sir.

Q. Have they made any overtures to you for consolidation? A. No, sir.

Q. Have you an understanding with them as to rates? A. Well, we have an understanding with them; we give them business; we don't come in contact with them at all on rates.

Q. Do you know what rates they charge? A. I do not.

Q. Did you ever know what rates they charged? A. I did not; they do all the government work. It can be easily found out. We have never done a pound of work for the government.

Q. You have never sought to get the business they do? A. No.

By Mr. Fairchild:

Q. What is your understanding with Mr. Cornell? A. We give them business from time to time when we are crowded. At times we want elevators and very often we use both of their boats.

Q. And is that the only time they do any business other than the government business? A. They do lots of other business. They do a considerable business around the malt houses.

Q. That is all it amounts to is it, except what you would give them? A. I think that is the largest portion.

Q. They do not compete with you at all in the export trade? A. They may do some, I don't know.

Q. You don't know of their doing any, do you? A. No, sir, I do not.

By Commissioner Smith:

Q. What do you pay them when they give you service? A. We have an understanding with them that we shall take off a commission, and allow them the balance of the full rate. We

also do anything for them on the same terms. We do considerable for them at times.

Q. You give them full rates and they give you full rates? A. No, we take a commission off.

Q. Is the commission the same in both cases? A. The commission is the same in both cases, they help us out and we help them.

By Mr. Fairchild:

Q. As a matter of fact their business is confined exclusively to government business and this little local business in the port of New York, except in so far as you may have an occasion to use their boats? A. I think that is the largest part of their business.

Q. When was that arrangement made between you and the grain trade as to the one and one-eighth cent charge, or rather as to the charge for transportation? A. It was made at the same time the McEvoy elevator bill was passed.

By Commissioner Smith:

Q. In 1888? A. Eighteen hundred and eighty-eight; about that time.

By Mr. Fairchild:

Q. Some time, therefore, prior to the organization of the International Elevating Company? A. Yes, sir, some three years.

Q. Do you recall what dividend was declared by the International Elevating Company at the termination of the first year of its existence, June 15, 1892? A. I think it was eight per cent.; I may be mistaken, but I think that is right.

Q. That is \$88,000 on a capital then of \$1,100,000, and in addition there were \$500,000 of bonds, on which eight per cent. was paid? A. Yes, sir.

By Mr. Dykman:

Q. The consolidation that was made in 1891, that was made in part at least upon the demand of the owners of shares in your elevators, was it not? A. It was, as I understood it.

Q. And the boat owners and the agents who had the business and good will, met and agreed on the relative values of the physical property and intangible good will? A. Yes, sir.

Q. And capitalized the boats and your good will? A. Yes, sir.

Q. And the boats of other firms and the good will? A. Yes, sir.

Q. And the result was the International Elevating Company? A. Yes, sir.

Q. Another cause of that was the confusion into which this trade had been thrown by legislative interference? A. Yes, sir.

Q. What have you to say as to the values at which the boats, the elevators were put into the company, were they fair values or not? A. No doubt of it.

Q. And as to the good will? A. Considered just and right.

Q. Did you correctly state how the \$800,000 of bonds were paid off? A. I did not; I said out of the earnings.

Q. Now, prior to 1893 the company had paid out of its earnings the elevator and business of Mr. McCord and had paid \$140,000? A. Yes, sir.

Q. And they had bought or redeemed bonds of \$150,000, par value, at 110? A. Yes, sir.

Q. Paying therefor \$165,000? A. Yes, sir.

Q. And had made betterments upon this plant to the extent of \$25,000? A. Yes, sir.

Q. Aggregating \$330,000? A. That is right.

Q. Now, there was stock issued for that, and that accounts for part of the increase for the stock? A. Yes, sir.

The Chairman: Was it an exchange of bonds into stock?

Mr. Dykman: Substantially so.

By Mr. Dykman:

Q. Now, in August 1893 income bonds paying two per cent. were sold to stockholders at par value, being \$770,000, were they not? A. That is right.

Q. They realized to the company \$385,000, with which you paid eight per cent. bonds amounting to \$350,000, and a premium of ten per cent., \$35,000, using up the \$385,000? A. Yes, sir.

Q. It is given to everybody alike? A. That is right.

Q. Now in February 1894 the company consolidated with the Atlantic Elevating Company? A. Yes, sir.

Q. And stock was issued for these income bonds? A. Yes, sir.

Q. And it was thus that the capital was brought up to \$2,200,000? A. Yes, sir.

Q. So the charges that some one has made that stock has been given away to somebody, are untrue? A. Yes, sir. we never gave a share of stock to anyone.

Q. You have never been asked what service you render for the three-fourths of a cent, will you tell the Commission what is meant by drawing a sample of grain, who does it, how it is done and what it means, especially the samples that are sent abroad for sale? A. Don't you think it would be better to have someone give that information who is better posted, it would be of some satisfaction to the Commission.

Q. Now, with regard to this giving of a rebate that you do: It is perfectly well known to everyone in the grain trade in New York and to your competitors in Boston, Philadelphia, Baltimore, Newport News, that the business of this port is done at three-fourths of a cent, is it not? A. Yes, sir.

Q. Everybody reckons on that and everybody knows what that rate is? A. Yes, sir.

Q. It is given to everybody alike? A. That is right.

By Commissioner Smith:

Q. What manner have you of announcing to the other ports, when you make a change in the rebate? A. I don't know as we do announce it; it is announced to the shipper whoever the exporter may be, he understands that he gets that rebate.

Q. The moment you make a lower rebate to one shipper, you always do it to the others? A. We are supposed to.

Q. Is it your custom? A. Yes, sir.

By Commissioner Kelly:

Q. How long has the net rate been three-fourths of a cent? A. It has been three-fourths now some length of time, I think a year, it may have been something over a year.

By the Chairman:

Q. When Annan & Company put in the boats, what condition were those boats in, were they modern boats, improved boats or were they old boats? A. I could not tell you about the age of the boats, because a great many of them I had not the slightest idea when they were built, as I was not with Mr. Annan at that time. Some of them were pretty well along in years, no doubt about it.

Q. At what rate were they put in. Were they put in at the same rate, all at the same rate? A. No, all different sums.

Q. Was it taken into consideration that they were old boats and not able to earn as much as modern boats? A. At that time they were modern boats. They were all alike at that time; there was no difference in them.

Q. They were all up to date boats at that time? A. Yes, sir; some of them were older than others.

Q. How old were those boats at that time. A. I could not tell you that. I was not with Mr. Annan at the time. Mr. Bingham would know more about the boats than I.

Q. They were practically put in good condition before they were taken by the Elevator Company? A. They were all supposed to be in good condition at that time, all able to work.

By Commissioner Smith:

Q. Are they all in good condition now? A. We try to keep them so.

Q. Do you use them all every year? A. Yes, sir; more or less all the time.

Q. There are none that are laid up for good? A. None at present.

By Mr. Fairchild:

Q. One of the boats that was included in the number that was sold by Annan & Company to the Consolidated Company, was the Union, was it not? A. Yes, sir.

Q. And for the Union, the Consolidated Company issued \$22,000 of stock, did it not? A. Yes, sir.

Q. Is it not a fact that the Union never was used either prior to, or subsequent to consolidation, so far as your books show? As far as your books go back, and that your books go back to January 7, 1882, nine years prior to the consolidation, is that not a fact? A. Well, I did not notice that on the books. If you noticed it, it is so. The books are correct, I am sure of that.

Q. And isn't it a fact that that boat was sunk about June 13, 1893, without having been in use since January 7, 1882? A. More than likely, we did not use them all at that time.

Q. Is it not a fact that another one of the boats turned over by Annan & Company to the Consolidated Company was named the Somerset? A. Yes, sir.

Q. And is it not a fact that that boat had not been used subsequent to January 1, 1888, up to the time of the consolidation? A. More than likely.

Q. And that it is now dismantled and is being used as a lighter? A. Yes, sir.

Q. And you are trying to sell it as a lighter? A. Yes, sir.

Q. And for that boat \$30,000 of stock was issued? A. Yes, sir.

Q. Another one of the boats turned over by Annan & Company was the Russia? A. Yes, sir.

Q. And that boat had not been used subsequent to February 21, 1884, is not that so? A. That is not so, it is in good order to-day, and working every day.

Q. And for that boat \$26,000 of stock was issued? A. Yes, sir; it is worth more than that to-day.

Q. Now another one of the boats turned over by Annan & Company was the Metropolitan? A. Yes, sir.

By Commissioner Shayne:

Q. You stated that the Russian is worth more to-day; you have spent a good deal of money on it? A. Yes, sir; practically rebuilt it.

By Mr. Fairchild:

Q. For the Metropolitan you issued \$25,000 of stock, did you not? A. Yes, sir.

Q. And the Metropolitan had not been used subsequent to September 12, 1890? A. More than likely.

Q. And you have only had two weeks use of it since the consolidation? A. Yes, sir.

Q. And the total amount of grain since the consolidation that has been received by that boat is 77,222 bushels, is not that so? A. Yes, sir.

Q. Right there I might ask you whether, as a matter of fact, some of your new boats do not receive over 300,000 bushels of grain a week, is not that so? A. Yes, sir.

Q. Some of your new boats that are in condition will elevate more than 300,000 bushels of grain in a week, that is so, is it not? A. Yes, sir.

Q. And this Metropolitan was sold for \$7,500, was it not? A. Yes, sir.

Q. For which boat you issued \$25,000 of stock, after having elevated only 77,222 bushels of grain? A. Yes, sir.

Q. Another of the boats turned over by Annan & Company was the Manhattan, was it not? A. Yes, sir.

Q. And the Manhattan had not been used prior to consolidation, since February 29, 1884, isn't that so? A. Yes, sir.

Q. And the only use since the consolidation occurred between the days of December 18, 1891, and August 16, 1892? A. Yes, sir.

Q. And it has not been used since that time? A. No, sir.

Q. And the machinery is now out of it? A. Yes, sir.

Q. And it is being used as a storehouse? A. Yes, sir.

Q. And for that boat you issued \$28,000 of stock? A. Yes, sir.

Q. Now, another boat turned over by Annan & Company was the London, was it not? A. Yes, sir.

Q. The London was never used after February 22, 1884, either prior to or after consolidation, is that true? A. Yes, sir.

Q. And it is now chopped up? A. Now chopped up.

Q. Another one of the boats turned over by Annan & Company was named the Egypt? A. Yes, sir.

Q. And that boat had not been used prior to consolidation, since December 9, 1887, is that so? A. Yes, sir; I think so. Of

course, I cannot remember all those things. You are taking them from the record and I believe they are correct. The Egypt now is in perfect order. We have put it in perfect order.

Q. That is because you have rebuilt it? A. Yes, sir.

Q. At considerable expense? A. Yes, sir.

Q. Another boat was named Bolivia, was it not? A. Yes, sir.

Q. For the Egypt you issued \$33,000 worth of stock? A. Yes, sir.

Q. And then rebuilt it at considerable expense in order to make it serviceable? A. Yes, sir.

Q. The Bolivia was turned over by Annan & Company and was one of the boats you referred to? A. Yes, sir.

Q. And for the Bolivia you issued \$33,000 worth of stock? A. Yes, sir.

Q. Is it not a fact that the last date the Bolivia was used was August 28, 1890, prior to consolidation? A. Yes, sir.

Q. It is now broken up, is it not? A. Yes, sir.

Q. And you are trying to dispose of the hull? A. Yes, sir.

Q. And have not yet succeeded? A. Have not; no, sir.

Mr. Dykman here stated that there were several witnesses that he desired to call, or in case they could not be called, he would like to have them excused.

By Mr. Fairchild: It is now about twenty-five minutes of three, and we have Mr. Pultz, who will go on the stand and give the figures from the books, he is the bookkeeper. With the exception of Mr. Pultz and one other witness, all the witnesses here have been subpoenaed by Mr. Dykman. I doubt whether we will be able to commence with them to-day, owing to the length of time that is taken by Mr. Burgess, and I would suggest that they be excused until to-morrow morning.

Mr. Dykman: Mr. Pultz is our man and can come any time. The others are principals, transacting large business, and they do not want to stay here any longer than possible. If you are not going to be able to hear them, it will be a great convenience if they can be excused.

Mr. Fairchild: There is no objection. I can suspend, of course,

but it would be better for us to conclude before Mr. Dykman takes up his witnesses, but it is not a matter that is at all essential. It relates only to the order of proof on the record, and if it is any convenience to the men who are undoubtedly busy men. I see no reason why you might not suspend the examination of Mr. Burgess and let Mr. Dykman go on with his witnesses this afternoon.

The Chairman: I think we ought to finish with Mr. Burgess and Mr. Pultz before we go on with any other witnesses.

Mr. Fairchild: I would suggest that Mr. Valiant and Mr. Riemschneider be excused until eleven o'clock to-morrow morning.

Mr. Dykman: I have an eleven o'clock witness, a member of the firm of McIntyre & Wardwell, who said it would be convenient for him to come at eleven o'clock to-morrow.

Mr. Fairchild: I would suggest, Mr. Chairman, that the Commission decide now at what time to-morrow they will resume and then excuse all witnesses except those Mr. Dykman desires to have here.

Mr. Kelly: I move that when we adjourn we adjourn until eleven o'clock to-morrow morning.

Motion seconded and carried.

By Mr. Fairchild: The Commission has decided that eleven o'clock will be the time for the hearing to-morrow. Will you (Mr. Dykman) name the witnesses you desire to remain here to-day?

After naming the witnesses that he (Mr. Dykman) desired to examine, the examination of Mr. Burgess was continued.

By Mr. Fairchild:

Q. Another boat was the Eldredge? A. Yes, sir.

Q. The Eldredge was not used prior to consolidation, since November 29, 1884, isn't that correct? A. That is correct.

Q. Subsequent to consolidation it was used off and on from October 9, 1891, to October 6, 1893, and has not been used since May 24, 1898, is that not correct? A. That is correct.

Q. And a considerable amount of money was expended on the Eldredge in order to secure from it the service it did give you, that is correct? A. Yes, sir.

Q. At the present time the Eldredge is broken up? A. Yes, sir.

Q. And the hull was sold for \$300, is that correct. A. Yes, sir.

Q. And for the Eldredge the consolidated company issued \$28,000 of stock? A. Correct.

Q. The hull of the London was sold for \$500, wasn't it, after it was broken up? A. Yes, sir.

Q. The Egypt is now in disuse and you are arranging to commence work to rebuild it? A. She is about rebuilt now.

Q. Is this not a correct statement in regard to the Metropolitan? December 28, 1891, it was rented for \$1,032.26. January 2, 1892, it was rented for \$2,000. January 21, 1892, for \$800. Finally sold for \$7,500, making a total receipt from that boat of \$10,332.86, and the amount charged up to profit and loss of \$11,300? A. Correct.

Q. As a matter of fact, of all the boats turned over by Annan & Co. there are only three or four in such condition that they could be used without a large amount of money expended on repairs? A. I think not.

Q. What would you say of the Mildred; would you say that was one of the best boats turned over by Annan & Co.? A. I think it is a good boat.

Q. And the New York? A. A good boat.

Q. And the Republic? A. A good boat.

Q. And the Antwerp? A. A good boat, they were all good boats.

Q. Those four are samples of the good boats, now that you have finished besides those that were broken up? A. Yes, sir.

Q. As a matter of fact, have you not expended on the Republic from the time of consolidation to January 1, 1899, \$24,877.19? A. Yes, sir.

Q. And on the Mildred to January 1, 1899, \$14,999.05? A. Yes, sir.

Q. And on the New York to January 1, 1899, \$10,200.73? A. Yes, sir.

Q. And on the Antwerp to January 1, 1899, \$18,649.61?

A. Yes, sir, they are expensive property to run. You have got to spend that money on them all the time. If a boat is only a year old, there will be expenses the second year.

Q. You spent on the Antwerp June 14, 1892, one year after consolidation, \$3,500, did you not? A. Yes, sir.

Q. Would that be your experience with a new boat? A. Yes, sir.

Q. And you were spending \$3,500 the year afterward? A. Yes, sir, the best boat we had broke down the second year after we had it.

By Commissioner Kelly:

Q. What do you consider to be the average wear and tear?

A. The wear and tear on an elevator is very great.

By the Chairman:

Q. The item of belting alone would in one year amount to several thousand dollars? A. It would amount to a great deal with us, we use a great many belts. The strain is very severe on them and we break a great many, and when the belt breaks we break boxes and everything else.

Mr. Dykman: Just tell about the life of a leg; you can tell all that the Commission wants to know about that. A. I think if you would call Mr. Limond it would be more satisfactory. He has charge of the elevators.

By Commissioner Kelly:

Q. I do not think I should appear as an advocate of the witness, but I think he is perfectly competent, and it ought to be made clear what the average wear and tear is.

By Mr. Dykman: I will show that by the man who has charge, what the life of a boat is, how they deteriorate and all those things.

By Commissioner Shayne: You will also give us the fact of the value of the boats at the time they were taken into the International Elevating Company; that you knew they were practically worthless.

Mr. Dykman: We will show to the direct contrary.

By Commissioner Shayne: The evidence shows that they were worthless before.

Mr. Dykman: We will show to the direct contrary as to each and every boat taken in, that it was fit for work and that it was worth what was paid for it, despite the very ingenious statement that has been drawn out here by leading questions, where counsel testifies and the witness assents. The commissioner is bright enough to know what a leading question means.

By Mr. Fairchild: You do not mean to say that these figures are not correct figures, from your books?

Mr. Dykman: Less ingenuity than yours can distort business matters in books ad infinitum. I don't know; I have not made the examination you have have made.

Mr. Fairchild: When Mr. Pultz goes on the stand everything that the books show will be put on record.

Mr Dykman: We will be perfectly satisfied if everything is brought out and the Commission give us time enough.

By Commissioner Shayne: We gave you to the 1st of September and then to the 15th of September to get ready for this. The Commission has shown you every courtesy possible for the Commission to extend.

By Mr. Fairchild:

Q. Mr. Burgess, two of the new boats that your company has had constructed, are the Isis and Themis, are they not? A. Yes, sir.

Q. And you have since acquiring these boats been obliged to spend money on them? A. Yes, sir.

Q. To keep them in good repair? A. Yes, sir.

Q. And the items of expenditure on those two boats would be a fair example of the amount required to be expended on new boats and on boats in good condition, the ordinary wear and tear, is not that so? A. Those boats are a little differently constructed than the other boats; they are entirely steel boats, tower and all, and none of the other boats are; the others are all wooden construction.

Q. They are a more expensive boat, are they? A. They are more expensive and of a different construction than the other boats.

Q. How much did you pay for the Isis? A. You have that; that is somewhere in the neighborhood of \$65,000.

The Chairman: When did the modern boats first come out? A. About a year ago.

Q. Those iron boats that you speak of are steel boats? A. Yes, sir.

Q. They are a modern boat? A. Yes, sir.

Q. Previous to that they were all wooden boats? A. Yes, sir.

By Mr. Fairchild:

Q. As I understand you it is more expensive to construct these iron and steel boats but there is less money necessary to expend on repairs than on the wooden boats? A. That is something we don't know because it is something new. We have never had anything of the kind before.

Q. Do you know that it is a more expensive boat than the wooden boat? A. I hope not.

Q. I mean to build? A. To build those it is a more expensive boat.

Q. Than the wooden boat? A. Yes, sir.

Q. And for these two boats you paid \$122,102.22? A. Yes, sir.

Q. That is about \$61,000 apiece? A. Yes, sir; and the builder makes the claim that he lost \$20,000.

Q. Is the Ceres a steel boat? A. No, sir; a wooden boat.

Q. You paid \$70,000 for that in the consolidation? A. Yes, sir.

Q. Is the Antwerp a steel boat? A. No, sir; wooden.

Q. You paid \$50,000 for that in the consolidation? A. Yes, sir.

Q. And the Metropolitan is a wooden boat? A. Yes, sir.

Q. And you paid \$60,000 for that? A. Yes, sir.

Q. And the New York is a wooden boat and you paid \$60,000 for that? A. Yes, sir; they were built at that time and wages may have been dearer and material dearer. The builder of the iron boats claims he lost \$20,000 on those boats.

Q. What kind of a boat is the Chicago and Buffalo? A. Wooden boats.

Q. The price of those two boats was \$75,948.26? A. About that, yes, sir. The construction account is not finished and it is about that figure.

Q. Those two boats are in use? A. Yes, sir. The bills are not all in; it is about that figure.

Q. Now, Mr. Burgess one of the five boats received from the G. D. Puffer Company was the Hudson, was it not? A. Yes, sir.

Q. The Hudson was sold on December 8, 1892, for \$3,480 was it not? A. Yes, sir.

Q. And you realized net from the sale after deducting some repairs \$2,571.33? A. Yes, sir.

Q. The Oswego, that was lost by fire? A. Yes, sir.

Q. The Albany was never used after the consolidation was it? A. No, sir.

Q. What became of it? A. Broken up, I suppose.

Q. It was rented as a lighter for a time, was it not? A. It was turned into a lighter.

Q. And the total amount received including the rental when it was used as a lighter and the amount received after breaking it up for scrap iron was \$1,767.46? A. Right.

Q. The Hudson was never used either, is that correct? A. Yes, sir, that is correct.

Q. And the Havre, what is the condition of that boat? A. Not very good at present.

Q. It is not fit for use, is it? A. Yes, sir.

Q. Fit for scrap iron? A. It is of no use now, you could not use it.

Q. Is it in the Erie basin? A. Yes, sir.

Q. The Liverpool is the only one of the five boats that is used, is it not? A. That is the only one.

Q. And for the five boats you paid \$175,000? A. Yes, sir, that is right.

Q. The two boats you received of Milton Knapp, the Brower and the Telegraph, what became of them? A. They are both gone.

Q. The Brower was sold October 10, 1892, for \$225, was it not?

A. Yes, sir; if the records on the books say so.

Q. And the Telegraph was broken up and sold for \$1,331.31?

A. Yes, sir.

Q. Including \$500 for the hull, November 15, 1894? A. Yes, sir.

Q. And for these two boats which were broken up after consolidation and were sold, one for \$225 and the other for \$1,331.31, the company issued \$187,500 of stock, is that correct? A. For that and the good will of Mr. Knapp. Mr. Knapp is around here and you can subpoena him. Those would be of no use to-day if we had them. We could not use them if we had them to-day.

Q. The America it had not been used up to the time of consolidation from February 22, 1884, had it? A. No, sir.

Q. And you issued for that about \$25,000 worth of stock? A. Yes, sir.

Q. Subsequent to consolidation the total use made of the boat was in one week 8,892 bushels elevated; another week 63,666 bushels; another week 40,201 bushels and another week 9,493 bushels? A. Correct.

Q. And that is all the use that the consolidated company had of that boat subsequent to consolidation until the boat was burned? A. Yes, sir.

Q. What were the reasons that induced you to abate your rates to seven-eighths of a cent? A. Well, I suppose it came in this way: that people here, the exporters wanted to get this rate down and they were anxious to get it down as low as we could make it.

Q. What representations did they make to you as a basis for that request? A. They made representations that the outports were doing the business as against us.

Q. They thought an abatement of the rate or a rebate, you were asked to give, would give it to this port? A. To this port.

By the Chairman:

Q. Was that the result? A. I could hardly answer that question; I don't know.

Q. Did your business increase? A. Our business has increased right along.

Q. Since that? A. Our business has increased ever since.

Q. To what extent? A. For instance, at the time of Mr. Annan's death, just before consolidation, he used to handle in the neighborhood of 30,000,000 bushels; now we handle as high as 100,000,000 bushels a year.

By Commissioner Smith:

Q. As I understand it, this rebate has only been in force about a year? A. This three-eighths of a cent rebate?

Q. Is it three-eighths? A. Three-eighths of a cent.

Q. It used to be a cent and an eighth; now it is seven-eighths? A. Three-quarters is what it is now, and that covers all the different charges.

Q. What is the abatement in a year; what was it last year? A. Three-eighths of a cent a bushel.

Q. What was it previous to that? A. Quarter of a cent.

Q. For how long a time? A. For some length of time; a year or two.

Q. Are your profits as large under the six-eighths, which is the net amount you receive, as they were under a cent and an eighth?

A. That depends on the bushels you handle. Our profits in the last two or three years have been larger than ever before.

Q. Have you been requested recently to make a larger rebate than the one you do now? A. We have had no complaint at all.

Q. The people seem satisfied to pay that amount? A. From what they tell us. We have gradually got it down and we want to get it down to a figure where it is fair.

By Mr. Dykman:

Q. Questions have been asked you about certain boats you have broken up. I ask you if there was a single elevator turned over by the constituents of Annan & Company, which was not in good condition and fit for elevating grain June 15, 1891, when it was turned over? A. Every one of those boats could handle grain at that time.

Q. And was in good condition? A. Yes, sir.

Q. Was there any one of them that was not fairly worth the price you paid for it? A. I think not; I think it was a fair price for each one of them.

Q. Now, I ask you as to the deterioration of the hulls and other parts of any elevator, a floating elevator, whether it is great or small? A. Very great.

Q. Great in hull and great in superstructure? A. Yes, sir.

Q. When the elevators are broken up have the parts any value except for scrap? A. None at all.

Q. Now, will you state to the Commission what great change in the exporting of grain has antiquated and made useless certain elevators that you have spoken of. I refer especially to ocean vessels. What is the cause for that? A. With the ocean vessels of the present time, there is not one of those boats, hardly a single boat that we had at that time, when we started, that could work at those large ocean vessels, and if they could they would not allow them along side. At that time we would handle at the rate of 5,000 bushels an hour. That was considered a fair rate for any elevator. Now there is not a steamship company, one of these large companies, that will have these elevators along side their steamers. They will not allow them. We have ten or eleven of these large boats that will handle 10,000 to 14,000 bushels an hour. And these boats, of course, they are perfectly willing to have. When you come to 5,000 bushels an hour they have not the time. They have got to turn these boats around in three days, and these small boats could not handle the grain.

By the Chairman:

Q. Is that the only reason? A. At that time the lift was forty feet for delivery, now it is seventy.

By Mr. Dykman:

Q. Take a floating elevator, the hull of a floating elevator which is at a height of thirty feet, could the hull of such an elevator carry a tower at a height of seventy feet? A. No, sir, you could not do anything with it, it is worthless.

Q. Now will you tell the Commission the relative quantity of grain carried by these great ocean liners from the port of New York, delivery to which is made at a height of seventy feet? A. They take anywhere from thirty to forty loads.

Q. In the old times how many loads did the steamer take? A. Sixty or seventy thousand bushels.

Q. How many loads? A. Seven loads.

Q. And the forty loads must now be delivered to a liner in the same time a dozen loads were? A. Yes, sir.

Q. And that is the reason the floating elevator fleet must be replaced? A. Yes, sir.

Q. And is being replaced? A. Being replaced; we have got to keep doing it all the time.

Q. You are now building new boats? A. Yes; two new boats.

Q. Out of the earnings? A. Yes, sir.

By Commissioner Smith:

Q. I would like to ask you if you have not heard it stated at various investigations that there were few tramp steamers coming here to carry cargo loads of grain? A. Yes, sir.

Q. If these tramp steamers all come here would it not be possible to use those elevators that are obsolete now with this class of vessels? A. No, sir, not at all. We have one on hand now. Amsinck & Company chartered her. She carries 140,000 bushels and they have got 60,000 bushels in store. They wanted us to load the balance afloat. We told them all right, but he was afraid we could not load it in the time, three days, and he sent it to the store for them to take it and handle it at the store, because he thought Dows Stores could handle it quicker. He thought there would be some delay in our moving it.

Q. Then if tramp steamers all load cargoes here it would not help you with the elevators? A. No, sir; they are just as anxious to get those loaded as they are the larger ships.

By Mr. Dykman:

Q. Counsel has stated that you only had four or five boats in good condition? A. No, sir; I don't think he made that statement.

Q. I ask you about the boats you have, the number of large boats capable of delivering to ocean steamers? A. Yes, sir.

Q. Have you ten such boats, the Themis, Isis, Chicago, Buffalo, Republic, Ceres, Renovator, Empire State, Mildred and Antwerp? A. Yes, sir.

Q. And the elevators capable of doing smaller quantities and less amounts are the Russia, New York, Egypt, International, Liverpool, Continental, Excelsior and Renovator 2? A. Yes, sir.

Q. Now, you have been asked if you paid these amounts to Mr. Knapp and Mr. Puffer for certain vessels; Mr. Knapp had a very large and profitable business, did he not? A. Yes, sir.

Q. Mr. Knapp conveyed to you the good will of his business? A. Yes, sir.

Q. And he covenanted not to enter a competing business for a long term of years? A. Ten years.

Q. That was the same with Mr. Puffer? A. Yes, sir.

Q. The same with Mr. Annan, Mr. McCue and yourself? A. Yes, sir.

Q. And the money that was paid was for all of those, as well as for the boats? A. Yes, sir, beside I turned over a patent to the company of a doubled legged elevator that I held in my own name.

By Mr. Fairchild:

Q. When you expressed the opinion that the boats purchased by the consolidated company, June 15, 1891, were boats capable of use to the extent of being fully worth the amount which the consolidated company paid for them, you included in that opinion the London, for which the consolidated company paid \$25,000, and which had not been used for more than seven years and was chopped up sixteen months after consolidation and sold for \$500, and you also included all the other boats with the same history, about which you have testified, that in your opinion such a boat was worth \$25,000? A. Yes, sir.

By Mr. Dykman:

Q. I ask you about this not using boats: Take this variation in the amount of grain coming to the port of New York; in 1895

you handled, as your records show, 27,000,000 bushels in round numbers, in grain? A. Yes, sir.

Q. In 1898 you handled over 100,000,000 bushels of grain? A. Yes, sir.

Q. You must maintain your fleet with a capacity of handling 100,000,000 bushels or more? A. Yes, sir.

Q. Even though the amount given you to handle should be only 27,000,000. A. Yes, sir, that is right.

Q. That explains, does it not, why in certain years certain boats were not used, you had not the business offered to you? A. That is right.

Q. And the floating elevator company in this port must maintain a fleet up to the maximum demand? A. Yes, sir.

Q. And maintain it through lean years? A. Yes, sir, that is exactly right.

Q. Was it because the business was not offered to you that you chopped up a number of boats and sold the hulls for \$500 apiece that cost you \$25,000 or \$30,000 apiece, and replaced them by larger boats that cost you \$60,000 apiece? A. We did not. We chopped them up because we did not care for the expense of keeping them.

Q. And then replaced them by new boats you have had constructed? A. Replaced them with modern boats able to do the business.

Q. Were you correct in the statement that you always have allowed the same rebate to each grain merchant? A. No, I did not state that.

Q. I thought you did not mean to state that? A. I don't think I answered it in that way. I said the object was to rebate the same to all.

By Commissioner Smith:

Q. I asked you if that was your custom and you said it always had been? A. That is the custom of the company. I don't think you will find a thirty-second difference in going over the accounts. We might make a little difference at a time to one

and to another at another time. Now, it is on a basis of three-eighths rebate to everybody.

Q. How long has that been so uniform? A. It has been so now right along for a little over a year.

By Mr. Fairchild:

Q. Up to the time of the hearing in which Mr. O. M. Mitchell appeared as a witness he had not received as great a rebate as you gave him subsequently, after he found out as a result of that hearing, that he had been receiving less rebate than others. A. That was simply a misunderstanding. I told the gentleman who had charge of their exporting business, I told him if when we got down to a basis we would make it all right.

Q. Up to that time he was receiving a less rate of rebate? A. A very short time.

Q. You have testified that your total charge is made up of two items? A. Yes, sir.

Q. One for transportation and one for all other services? A. Yes, sir.

Q. When you allow a rebate upon which of those two items do you allow the rebate? A. Allow the rebate on the number of bushels we handle.

Q. Upon which of those two items? A. We do not allow it on those two items at all.

Q. You consider it a total charge and allow the rebate on the total charge. A. That rebate we allow on the number of bushels we handle. We do not take into consideration the charge at all.

Q. When you allow a rebate, you do not allow it on one item as distinguished from the other, but take the total charge of one cent and an eighth and rebate on that? A. We allow the rebate on the number of bushels, three-eighths of a cent a bushel.

Q. You disregard those two items as separate items? A. No, we do not disregard anything. We make a rebate on the number of bushels we handle. We charge five-eighths of a cent as the law allows us and a half a cent as the Grain Trade allows us to do.

Q. You must understand my question: When you allow that rebate you either allow it on one of those two separate items or you allow it on the total amount of a cent and an eighth, disregarding the amounts that make up the total? A. We do not take that into consideration. We allow three-eighths of a cent a bushel.

Q. Upon the total disregarding the items making up that total? A. We take up the total number of bushels. I don't understand any other way to answer that question.

Q. Your total charge making up those two items amounts to one cent and an eighth and when you allow a rebate you allow the rebate upon that total charge without any regard to the items making up that total? A. Of course it is taken from that.

ELY BERNAYS.

ELY BERNAYS, called as a witness by the International Elevating Company, having been first duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. Ely Bernays.

By Mr. Dykman:

Q. You are a grain merchant in New York? A. I am, sir.

Q. The Grain Trade on the Produce Exchange or the members of the Grain Trade of the Produce Exchange are divided into what are called receivers and shippers, are they not? A. Yes, sir.

Q. The receivers being the people who buy the grain in the West and bring it here and the shippers are the people who buy it here and ship it abroad? A. It is not exactly that. The shippers are a class, who as shippers sometimes buy the grain in the West themselves and bring it through and ship it, because they avoid the profit they have to pay the receiver or that the receiver will exact from them.

Q. To which class do you belong? A. I am an exporter, a shipper, and sometimes act as a receiver.

Q. The bulk of your business is which? A. My real business is exporting business.

Q. How many bushels of grain a year do you export? A. It depends upon the market.

Q. Take last year? A. I believe I exported between 8,000,000 and 10,000,000 bushels.

Q. How much of that business did you do at the port of New York? A. I did from the port of New York at least seventy per cent. of my business.

By the Chairman:

Q. Did any of it come through the Erie canal? A. Very little.

Q. How much? A. About one-thirtieth.

Q. Why did you not give the Erie canal the preference? A. Did not pay us. The charges on the Erie canal are nearly the same as on the railroads and it would have cost us more interest, and last year the grain that was near always commanded a premium over the grain that was farther away.

By Commissioner Smith:

Q. It is because of the haste in getting here that made it more valuable to you? A. It made it more valuable to us at equal or less cost than it would have been by canal, besides that, we had the facility of storing it in railroad elevators at a nominal charge of one-quarter cent, while the canal boat would have exacted from us five dollars to ten dollars a day.

By Mr. Dykman:

Q. I want to ask concerning the International Elevating Company, what portion of your work in New York is done by the International Elevating Company? A. Nearly the whole business, except buying and selling.

Q. Will you tell the Commission what work the International Elevating Company does for you, as an exporter of grain? A. When I make a sale to Europe and have to make a shipment from here, and have the stuff ready to be ordered, the first thing I do I give the International Elevating Company an order to sam-

ple my grain. They have an organized system to have that sampling done in an expert way, and their samples are very reliable. After I receive the samples I go to the office and consult with one of their employees about the best way to handle the grain, take his advice and agree with him about the manipulation the grain has to undergo. He takes that order and gives it to his superintendent employed at the elevator, and after the first trial is made he gets a sample again from the elevator, which is submitted to me. If I find that my orders are properly executed, I give them the order on my part to go ahead with the work. If I find that it is not quite satisfactory, I possibly, according to circumstances change the order, let him try again, get another sample and continue so long until the sample that comes from the steamer represents that the actual shipment is satisfactory to me.

Q. Will you tell right there what is meant by sales, by sample, to the European market? A. Sales by sample in European markets means a delivery that is to follow, up to the sample submitted to the European buyer, the quality of which is guaranteed until its arrival, and any difference in quality is arbitrated in the foreign Produce Exchange.

Q. Does the International Elevating Company put up samples to send abroad? A. Yes, sir.

Q. What have you to say as to those samples? A. Those samples are properly drawn, sealed, packed and put up so that we can rely on their reliability.

By Commissioner Smith:

Q. Is that an exceptional service for the elevating company to render? A. I believe that it is, for the reason that they make no charge for it.

By the Chairman:

Q. There is a firm named Cornell, who have elevators. Would they render the same service? A. I don't know the concern.

Q. You have heard there was such a concern, that there is

such a concern here? A. The first time I heard or knew of them was here, to-day.

Q. You have never inquired of any competitor of the International Elevating Company? A. I would not want to. It can't be done any better.

Q. How long have you been in the grain business? A. In the grain business itself, or in America?

Q. First, how long have you been in the grain business? A. I have been in the grain business twenty-four years.

Q. How long in this city? A. In this city eight years.

Q. Now, you say that is an exceptional service rendered by the International Elevating Company? It is rendered by the International Elevating Company to its patrons here constantly in this port? A. I believe so.

By Commissioner Smith:

Q. I mean by my question, is the same service rendered by other elevator companies? When you ship your grain through other parties, how is it sampled then? A. I never used any other elevating company in this city, and I never asked any other elevating company in any other city to do this service, because I would not rely upon them.

Q. The sample that is first drawn and submitted to you is a sample taken from the canal boat or lighter, is it? A. Yes, sir.

Q. Now, a sample that is sent abroad is a sample taken of the grain as it goes into the steamer? A. Yes, sir.

By Commissioner Shayne:

Q. What quantity of grain do you use for a sample? A. It differs, according to the quantity that I have at my hand. Sometimes I use eight ounces, and if I can I use five pounds.

Q. It does not require a great amount of service to render that? A. It is not the amount of service that is done; it is the reliability with which it is done.

By Mr. Dykman:

Q. Will you explain that a mistake may easily creep in if an inexperienced man attempts to do this? A. Of course.

Q. It requires great skill, does it not, to sample grain reliably?

A. Only an expert man can do it.

By Commissioner Smith:

Q. Tell us why that is, if you can, briefly. Why is it not possible for anybody to go and take out a half bushel of grain? A. Because any man that would be sent to the boat would be likely to take it from the first part he could get at. Any man who knows how to sample grain will go over the whole boat and will then make up a sample which will fairly represent the whole shipment.

By Mr. Dykman:

Q. At one point in this transaction you consult with the expert people employed by the elevating company, as to what handling is necessary. Will you explain to the Commission what you mean by handling grain in that connection? A. Handling refers to the different kinds of grain, and the handling depends on the kind of shipment I want to make. For instance, lately I handled a great deal of barley going to Europe, and have bought, so to speak, indiscriminately in the west any quality I could possibly get, relying that when it would get to New York, by mixing, screening and blowing, and handling and curing, I would be able to attain the result that I wanted to attain. I bought barley weighing forty-four, forty-five, forty-six, forty-seven, forty-eight and forty-nine pounds to the measured bushel, and have sold to Europe, for instance, barley to weigh forty-eight, forty-nine and fifty pounds. Whenever any of those shipments were to be made, I ordered the International Elevating Company to sample the different boats of grain I have ready for shipment. After they get the sample I consult with the expert in their office and we fix the quantity on each boat that is to be taken. We fix the quantity of each that is to be blown and screened to bring the mixture up to the standard to be sold in Europe.

Q. As I understand, shortly speaking, the International Elevating Company brings grain to a higher grade for you? A. If necessary when required and if possible.

Q. In other words, the aggregate of these different lots is brought up and increased in weight by blowing and screening?

A. Yes, sir.

Q. And the consultation that you have on that point is as to how much blowing and screening will be necessary? A. Yes, sir.

Q. That is expert service also, is it not? A. Yes, sir.

Q. That is the expert service that this company renders to its customers? A. Yes, sir.

By the Chairman:

Q. Without any charge? A. Without any charge.

By Mr. Dykman: Now, that is why we say we are benefactors of this port. If you will go indiscriminately and call here anybody you will hit with a stick by throwing it down on the Exchange floor, we will abide by the result.

By Mr. Dykman:

Q. Now, as to the weighing; of what importance is weighing?

A. The weighing is very important, because it fixes the quantity that I have to bill to Europe.

Q. What have you to say as to the result of poor weight by the International Elevating Company upon them, or any shipper? A. I know of none.

Q. Never has been any? A. Never any case where we have found, or where we came over a mistake. Never in my experience.

By Commissioner Smith:

Q. How would you detect a mistake if it did occur? A. I would be able to detect the mistake by the out-turn in Europe, which I guarantee.

Q. The guaranteed quantity is always delivered that you have sold—the exact quantity? A. Not the exact quantity, but the quantity within a percentage.

By Mr. Dykman:

Q. You guarantee the out-turn within a certain percentage?

A. Yes, sir, or I guarantee the out-turn infallible, already figuring in my calculations on average shortage.

Q. For that work you have to depend on the expert work of the International Elevating Company? A. Of course.

Q. There are certain kinds of grain, are there not, dealt in on the Produce Exchange that are not graded by the Produce Exchange? A. Yes, sir.

Q. What are those grains? A. Those are, first of all, Canadian grains.

Q. All Canadian grains? A. All Canadian grains are excluded from grading in New York, except peas.

Q. What do you mean by the term "Western Grain?" A. Those are also excluded from inspection in New York; those grains that by exporters are sold to Europe on so-called western certificates. That is grain, for instance, which is sold as Chicago inspection number, so and so, or grain that is sold as Duluth inspection, or any other inspection, or any other western primary market.

By Commissioner Smith:

Q. Is the inspection in New York more severe than at other ports? A. I cannot say yes to that, but it is very rigid.

Q. Is the standard higher in New York than in other ports? A. To some extent, it is.

By Mr. Dykman:

Q. These Western grains, and these Canadian grains are not within the range of the inspection of this New York Produce Exchange? A. No, sir.

Q. Are barley or buckwheat within the range of the inspection department? A. No, sir; not the kind of barley that we are shipping now. There is some barley, but that is only brewing barley. At present, we are shipping feed barley only.

Q. What inspection service does the International Elevating

Company render the shipper with respect to these western grades, Canadian grains, and the barley and buckwheat? A. After the shipping has been done by the International Elevating Company, and the grain found in proper and prime shipping condition, the International Elevating Company certifies to that effect, and those certificates are considered in Europe as binding and final.

Q. Equal to the inspection certificate of the New York Produce Exchange? A. Equally so, quite so.

By the Chairman:

Q. What charges are there made for inspection by the Produce Exchange? A. The Produce Exchange charges one-sixteenth of a cent for inspection and issuing certificate.

By Mr. Dykman:

Q. What does the International Elevating Company charge? A. Nothing whatever.

Q. All these services that you have now spoken of are rendered to the customer of the International Elevating Company for three-fourths of a cent a bushel? A. Yes, sir; without any red tape either.

Q. Now, is that charge, in your opinion, a fair charge, or an excessive charge? A. For the services that the International Elevating Company renders to me, I must consider the charge very fair.

Q. Are you a stockholder in the International Elevating Company? A. I am sorry to say I am not.

Q. Nor in any way interested in it? A. Absolutely not.

By the Chairman:

Q. Is the standard of inspection considered as high in Europe of the International Elevating Company as of the Produce Exchange? A. For that kind for which they certify, fully as high.

Q. So that the European buyer will purchase and accept inspection of the International Elevating Company just as well as the Produce Exchange? A. I have never had any complaint.

Q. That is not answering my question. Answer yes or no. A. The European buyer will buy with the same appreciation grain that does not fall within the range of the New York Produce Exchange and which is certified to by the International Elevating Company.

Q. That is, the International Elevating Company's service covers one kind, and the Exchange covers another, and they rank equally in the markets of the world? A. That is what I said.

By Mr. Dykman:

Q. I ask you whether, in your opinion, your interests and the interests of the port of New York would be better served by a charge of five-eighths of a cent by the International Elevating Company for elevating, receiving, weighing and discharging grain, and extra charges for the extra service that you have mentioned, or whether you would be better served by a rate of three-fourths of a cent to cover all the services that the company renders? A. I rather prefer a uniform rate.

Q. Of three-fourths of one cent? A. Yes, sir; I rather prefer a uniform rate to a rate that is made up out of different items, because it enables me to collect the rate, the full cost from the primary market to the market in which I try to sell.

Q. Now, one of the commissioners has asked whether the practice of the International Elevating Company of charging three-fourths of a cent per bushel has been to the detriment of the port of New York. What would you say, as a grain shipper, on that? A. I do not believe it. In fact, I can say, according to my experience and my books, the trade in New York has greatly increased. In my business it has.

By Commissioner Smith:

Q. You are a member of the Produce Exchange? A. I am, yes, sir.

Q. Do you come under the rules and regulations? A. Yes, sir.

Q. Is it one of their rules that all grain has to be inspected under the authority of the Produce Exchange? A. Not all grain.

Q. Not all purchases? A. Not all grain.

Q. That is optional? A. It is my option.

By Mr. Dykman:

Q. To your knowledge, do European buyers make any difference between grain exported from New York and grain exported from other ports; is there not preferences? A. Yes, sir; there is a decided preference for shipments that come from New York.

Q. Why? A. That is for two causes; first, because of the very rigid inspection, and second, because of the very proper and expert handling of the grain in shipment. Perhaps, another cause is that a great deal of export trade is done in regular liners; in steamships of regular lines between here and Europe, which are built according to the newest system, and which are, therefore, more fit to carry grain and deliver it in a proper and sound condition than the tramps which leave other ports.

By the Chairman:

Q. New York has the facilities, in other words? A. Yes, sir.

By Commissioner Smith:

Q. You think the liners are better in the way of safety in which they carry the grain than the tramp vessels? A. Yes, sir, to keep it in safety.

Q. That is a factor with you in determining which way you shall send it? A. After the grain has been put in the ship in proper condition, it is certainly kept better in those modern liners with those modern improvements, than in those tramps, which are not always fit for use.

Q. You are certain of its delivery in the condition in which you sell it? A. Yes, sir.

Q. Of course, there is a rate which determines which way you will send the grain—a difference in rate, is there not? A. Sometimes when I buy grain in the interior there is.

Q. What difference are you willing to allow because of the export service you receive in the port of New York as against other

ports? A. I would always prefer a shipment via New York at one-half-cent difference.

Q. That is what you consider the value of the export service in the character of the vessels that carry it? A. Yes, sir.

By Mr. Dykman:

Q. Some times when you are shipping grain from other ports, do you get the International Elevating people to go there for you? A. Yes, sir. When I sell grain on sample in Europe, and when I have to deliver it on a declining market and must be afraid that the buyer will throw the grain up when the goods are not fully up to the sample, I send one of the expert men of the International Elevating Company to that port, and have the elevation of the grain superintended to see to it that the grain is put into the ship in proper condition, up to the sample on which I sold.

By Commissioner Shayne:

Q. That is Boston or Newport News? A. That is Boston or Newport News, or Norfolk.

By Commissioner Smith:

Q. All the outports? A. I have only sent to those three ports.

By the Chairman:

Q. What charges do they make for that? A. Only traveling expenses.

By Mr. Fairchild:

Q. The rules of the Produce Exchange do establish, do they not, the standard of inspection to which all transactions on the Produce Exchange floor are subjected? A. No, sir.

Q. They do not? A. No, sir.

Q. What is meant by Produce Exchange inspection? Is that not provided by the rules? A. By the Produce Exchange inspection is meant inspection of such grain as I sell on Produce Exchange inspection.

Q. Irrespective of whether it is sold on the Produce Exchange or not? A. Yes, sir.

Q. What proportion of your sales are Produce Exchange inspection? A. I can, with great difficulty, give you the proportion, the changes with years and the different kinds of grain we are shipping. I would estimate that to be two-fifths Produce Exchange inspection; either this Produce Exchange or some other Produce Exchange in the outport.

Q. I am referring now to this port. Of the grain that you export from this port, what proportion is Produce Exchange inspection? A. Out-going inspection, not in-coming inspection.

Q. Yes, sir. A. It would be about one-fifth of my trade not even that.

Q. Four-fifths is International Elevating Company inspection? A. Four-fifths is coarse grain, either International Elevating Company or western grades to which the International Elevating Company certifies as being in condition.

Q. Now, incoming grain, and incoming inspection, what proportion of your business is Produce Exchange inspection? A. All incoming grain is inspected, because inspection of incoming grain implies a guarantee of weight. I don't know for what reason, but it is a fact.

Q. What is understood in European ports by New York inspection; a standard that is established by the rules of the New York Produce Exchange? A. There are certain rules made which command the qualities of the grain, and those rules are strictly and more strictly abided by by the New York Inspection Department than by the other inspection departments of the outports.

Q. Those rules are made by the New York Produce Exchange? A. Yes, sir.

Q. So that in European ports, when they refer to New York inspection they have reference to that standard established by the rules of the New York Produce Exchange? A. To the greatest extent, yes, sir.

Q. And when the western shippers refer to the rigidity of New York inspection they have reference to the same thing? A. Yes, sir.

Q. In those cases where these samples are furnished, they are delivered in small bags, are they not, showing the grain, the boat and the number? A. Sometimes. Sometimes they are delivered in bags and sometimes in large boxes, as I am pleased to have them.

Q. And that same kind of service is performed by the Produce Exchange, is it not? A. Yes, sir; for grain that has been shipped, not for grain that is arriving.

Q. Does it ever occur in your business that you receive duplicate bags, one sent by the International Elevating Company and one sent by the Produce Exchange? A. Always when the grain has been inspected by the inspection department which is, as I told you, only one-fifth in the case of my shipments from New York.

Q. In the case of that one-fifth you have double inspection? A. Yes, sir.

Q. You can at all times have the service of the Produce Exchange inspection? A. Yes, sir; if I pay for it.

Q. And while the International Elevating Company inspection in European ports is as high as the New York Produce Exchange inspection, it is not higher? A. It could not be any higher.

Q. As to that one-fifth where it is duplicated, the service of the International Elevating Company is a useless service, is it not? A. In what respect?

Q. As to that one-fifth where the inspection is duplicated? A. You refer to the samples of outgoing shipments?

Q. Yes, sir. A. Yes, sir.

Q. How long did you say you had been in the grain business? A. About seven or eight years in this country.

Q. And for sometime prior to the time when you came to this country? A. Yes, sir; about seventeen years.

Q. With your experience in the grain business and your experience as a business man, and with your knowledge of the service performed by the International Elevating Company, what would you say in your opinion would be a proper, reasonable and fair return upon the investment required in order to perform that

service in percentage? A. The highest possible, because the service is done so excellently.

Q. You would say then that 100 per cent. upon the required investment would be a reasonable return for the service? A. I would not mind paying that, because the service is worth it to me.

Q. My question is, what in your opinion as a business man, with your experience as to relative value of investments? A. I would ask if I were in the place of the International Elevating Company, with the service they give, as much as I could get.

Q. My question is, comparing business investments one with another and with your experience in the business, what would you consider to be a fair return if you could not get more on your investment? A. All the grain would stand, I would put on.

Q. If you were the International Elevating Company? A. Yes, sir, and I believe it is what they are doing.

By Commissioner Smith:

Q. I wish to ask you where you stated about not being interested in the elevating company, that you regreted that you were not interested—you made that remark? A. I am not interested, I am sorry to say. I wanted to buy some shares but at that time I had no money; now when I have the money I cannot buy them.

Q. The statement has been made to this Commission that it is a custom of the International Elevating Company to induce exporters to acquire stock in their company and let them pay for it out of the earnings on the stock? As I remember it, that is the statement that has been made. I want to ask you if you have ever been offered any stock on those terms? A. Never.

By Mr. Fairchild:

Q. How much grain do you ship by way of Montreal? A. None whatever.

Q. And never have? A. I, myself, never have shipped a bushel from Montreal. Once in a while I bought one or two loads that were offering and going around begging and then only when I could buy that cheap enough.

Q. You are not familiar with what the floating elevator charge is in Montreal? A. No, I am not.

By Mr. Dykman:

Q. I want you to compare the charges that the commission houses make for handling grain with the charges that the International Elevating Company make for this work, if you will. Can you do that? A. I cannot do that. I believe the commission houses take as much as they can get, and I believe the International Elevating Company takes as much as they can get and as much as they will stand.

SEPTEMBER 21, 1899.

A hearing of the New York Commerce Commission was this day, September 21, 1899, held in the room of the arbitration committee in the New York Produce Exchange, New York city.

Present: Hon. Charles A. Schieren, chairman, Hon. C. C. Shayne and Hon. Alexander R. Smith, secretary; also Hon. B. L. Fairchild, counsel to Commission, and W. L. Dykman, Esq., counsel to the International Elevating Company.

The chairman called the Commission to order at 11.10 a. m., stating that the hearing of the International Elevating Company would be resumed.

EDWARD G. BURGESS (recalled).

EDWARD G. BURGESS, recalled, testified as follows:

By Mr. Fairchild:

Q. Will you give the names of the directors of the International Elevating Company? A. John Newman, E. Pfarrius, William A. Nash, Thomas A. McIntyre, A. D. Pultz, C. E. Burgess, E. G. Burgess, O. M. Mitchell and Yale Kneeland.

Q. Who are the members of your executive committee? A. Mr. Pfarrius, Mr. Nash and Mr. Kneeland, are the finance committee, and the rest compose the executive committee.

Q. Is Mr. Kneeland also on the executive committee? A. No, he is on the finance committee.

By Mr. Dykman:

Q. One of the Commissioners asked yesterday if this company had ever sold or issued stock to be paid for out of the earnings of the stock.

By Commissioner Smith: I asked the gentleman who testified last, Mr. Bernays, if any had been offered to him.

A. There was never a dollar's worth of stock offered in that way to any one.

By Mr Fairchild:

Q. Are each of these men you have named members of the New York Produce Exchange? A. I think all but Mr. Pultz.

Q. Mr. Pultz is the bookkeeper of the International Elevating Company? A. Yes, sir.

ADAM D. PULTZ.

ADAM D. PULTZ, being duly sworn, testified as follows:

By Mr Fairchild:

Q. Have you given your full names? A. Adam D. Pultz.

Q. What is your business? A. Bookkeeper.

Q. You are the bookkeeper of the International Elevating Company? A. Yes, sir.

Q. And how long have you been keeping the books of the International Elevating Company? A. Between eight and nine years.

Q. Under what accounts do you keep the expenses of the International Elevating Company? A. Elevator expense account, office expense account, insurance and taxes, I believe.

Q. What is embraced in the elevator expense account? A. All the money paid out for wages, repairs and the general expenses of the elevators.

Q. That includes everything excepting the salaries in the office and taxes and insurance? A. Includes everything connected with the elevators.

Q. This company was organized June 15, 1891, was it not? A. Yes.

Q. Will you give the total elevator expenses for the year ending June 15, 1892? A. Two hundred and nineteen thousand nine hundred and six dollars and forty-one cents.

By the Chairman:

Q. Is that in one year? A. One year; yes, sir.

Q. How many elevators? A. About eighteen elevators.

By Mr Fairchild:

Q. Will you give the total office expenses for the year ending June 15, 1892? A. Sixty-seven thousand five hundred and nine dollars and forty-four cents.

Q. Give the total insurance for the year ending June 15, 1892? A. Thirteen thousand five hundred dollars.

Q. The total taxes for the year ending June 15, 1892? A. Two thousand two hundred dollars.

By the Chairman:

Q. You have a general expense account? A. Only the expense accounts that I have mentioned, office expense, elevator expense, insurance and taxes.

By Mr. Fairchild:

Q. Will you give the total rebates paid out for the year ending June 15, 1892? A. Mr. Fairchild, you have a paper with that on, which I have not. I gave the figures to you.

Q. The figures for the year 1892 do not appear here. A. The reason I did not give you figures for 1892 was, that I did not have a separate rebate account and it was quite a little trouble to find out what they were.

Q. The rebate account for the year ending June 15, 1892, would be included in the other accounts? A. That would be included in the other accounts.

Q. So that for the year 1892, the figures you have now given cover every disbursement made by the International Elevating Company? A. Yes, sir.

Q. Will you give the total earnings of the International Elevating Company for the year ending June 15, 1892? A. Six hundred and nineteen thousand two hundred and fifty-five dollars and eighty-six cents.

Q. Now take the year 1893, the year ending June 15, 1893, and give the total expense, itemized in the same way. A. Elevator expenses for the year ending June 15, 1893, were \$196,210.37; office expenses, \$56,708.61

Q. Insurance? A. Insurance, \$17,008.24.

Q. Taxes? A. Taxes, \$2,200.

Q. Rebates? A. Rebates for 1893, \$57,749.17.

Q. Is that total made up of more than one item of accounts? A. Two items.

Q. What are the two items? A. I believe that one of the items is money paid to Mr. McCord on business received from him, and the other for money paid to the Atlantic Storage Company.

Q. I thought that separate item was the account with the Brooklyn Wharf and Warehouse Company? A. It was; yes, sir.

Q. Is it a fact that the International Elevating Company had a special arrangement with the Brooklyn Wharf and Warehouse Company allowing rebates and, as to those rebates, they kept a separate account from the general rebate account? A. Yes, sir; I believe there was.

Q. Now will you give the item of the total rebates other than the Brooklyn Wharf and Warehouse Company and the items for the rebates to the grain merchants? A. The one item was \$46,499.17.

Q. That item is the item of general rebates to all the grain merchants? A. Yes, sir.

Q. Now what was the item to the Brooklyn Wharf and Warehouse Company? A. Eleven thousand five hundred dollars.

Q. Now give the total earnings for the year ending June 15, 1893. A. Four hundred and ninety-seven thousand dollars and seventy-three cents.

Q. Now I want to ask you whether those total earnings include the total charge of a cent and an eighth without deducting rebates? A. Those are the gross earnings of the elevators.

Q. Upon the basis of a cent and an eighth? A. Generally on the basis of a cent and eighth a bushel.

Q. You say generally—was that always the case? A. Always the case, yes, sir.

Q. Now take the year ending June 15, 1894, and give the total expense items in the same manner as you have for the years 1892 and 1893. A. Office expenses, \$54,936.57; insurance, \$12,001.20; taxes, \$2,200.

Q. And the elevator expenses? A. One Hundred and eighty-seven thousand one hundred and ninety-six dollars and eighty-two cents.

Q. And the rebates? Give each item separately as well as the total. A. Nine thousand four hundred and thirty-five dollars to the Brooklyn Wharf and Warehouse Company and \$74,499.60 to the trade generally.

Q. And the total? A. The total would be \$83,934.60.

Q. Will you give the total receipts for that year? A. Four hundred and forty-five thousand five hundred and seventeen dollars and eighty-five cents.

Q. Give the same items of expenses and receipts for the year ending June 15, 1895. A. Office expenses, \$55,282.67; elevator expenses, \$124,963.30; insurance, \$10,034.14; State taxes, \$2,200.

Q. And the rebates? A. Twenty-two thousand two hundred dollars and \$45,335.68.

Q. In giving those items, will you state what each item is for, so that it will go on record? A. The first item was for the Brooklyn Wharf and Warehouse Company and the other the total rebates to the grain merchants.

Q. Now the total earnings for the year ending June 15, 1895? A. Three hundred and six thousand four hundred and forty-three dollars and eighty-eight cents.

Q. Now take the year ending June 15, 1896, and give the same itemized statement. A. Office expenses, \$55,204.72; elevator expenses, \$151,951.63; insurance, \$8,276.53; taxes, \$2,200.

Q. And the rebates? A. Twenty-seven thousand two hundred dollars to the Brooklyn Wharf and Warehouse Company and \$58,081.23 to the grain merchants, a total of \$85,281.23.

Q. Now the total earnings? A. Five hundred and forty-two thousand eight hundred and thirty-one dollars and fifty-nine cents.

Q. Now make the same statement for the year ending June 15, 1897. A. Office expenses, \$54,249.28; elevator expenses, \$179,394.46; insurance, \$7,885.66; taxes, \$2,200.

Q. And the rebates? A. Seven thousand two hundred dollars to the Brooklyn Wharf and Warehouse Company and \$92,659.43 to the grain merchants.

Q. The total earnings? A. Seven hundred and sixty-seven thousand and forty-nine dollars and ninety-six cents.

Q. Did you give the total of the rebates? A. Ninety-nine thousand eight hundred and fifty-nine dollars and forty-three cents.

Q. For the year ending June 15, 1898, what are the items? A. Office expenses, \$60,055.15; elevator expenses, \$210,877.16; insurance, \$5,046.58; taxes, \$2,200; rebates, \$69,746.64 to the Brooklyn Wharf and Warehouse Company and \$308,572.28 to the grain merchants, total rebates being \$378,318.92.

Q. The total earnings for the year ending June 15, 1898? A. One million one hundred and twenty-five thousand eight hundred and thirteen dollars and forty-eight cents.

Q. Now give the same statement for the year ending June 15, 1899. A. Office expenses, \$57,596.47; elevator expenses, \$250,999.08; insurance, \$18,407.82; taxes, \$2,200; rebates, \$62,622.42 to the Brooklyn Wharf and Warehouse Company and \$261,219.50 to the grain merchants, total rebates being \$323,841.92.

Q. Now the total earnings? A. nine hundred and eighty thousand nine hundred and twenty dollars and seventy-nine cents.

By the Chairman:

Q. You say total expenses \$300,000? A. Rebates.

By Mr. Fairchild:

Q. Is the amount of rebate given to the Brooklyn Wharf and Warehouse Company also included in your account of total earnings? A. How do you mean?

Q. I mean what I say. A. I do not exactly understand.

Q. Does your account of total earnings include the charge of a cent and an eighth to the Brooklyn Wharf and Warehouse Company? A. Yes, sir.

Q. Did you elevate less grain in the year 1899 than you did the year ending June 15, 1898. A. We did, sir. We elevated in 1898 100,318,462 bushels.

Q. How much was elevated in 1899? A. In 1899, 87,691,526 bushels.

Q. Would you say that that falling off in the year 1899 from the high water mark for the year 1898 indicated a falling off of grain receipts at the port of New York for export? A. I could not tell you, sir.

Q. Now while you have those figures you might give the figures year for year back to the year ending June 15, 1892, the number of bushels elevated by your company. A. The year ending June 15, 1892, 60,204,035 bushels; the year ending June 15, 1893, 43,523,378 bushels; the year ending June 15, 1894, 45,031,525 bushels; the year ending June 15, 1895, 27,098,696 bushels; the year ending June 15, 1896, 49,163,416 bushels; the year ending June 15, 1897, 70,504,379 bushels; the year ending June 15, 1898, 100,318,462 bushels; the year ending June 15, 1899, 87,691,526 bushels.

The Chairman: How do you account for the discrepancy in 1895?

Mr. Burgess: The grain was not here to handle, that is all.

The Chairman: Because of the excessive charges?

Mr. Burgess: I think, Mr. Commissioner, if you would ask some of these grain men they can tell you more than I can. It was the great Argentine year. The grain men keep track of it.

The Chairman: We will have to ask them. We want to find that out.

By Mr. Fairchild:

Q. Mr. Pultz, will you state what other sources of income the company has other than their charge of a cent and an eighth for elevating grain? A. We have the interest on our securities.

Q. What securities? A. Surplus money invested in securities.

Q. What else? A. And the grain samples that we sell. Grain is brought in samples from time to time, made up in bags and sold.

Q. When the elevating company performs the service of furnishing sample do they make any extra charge for that? A. They sometimes charge fifty cents for a boat, but not very often.

Q. That is in addition to the cent and an eighth? A. Yes, sir.

Q. Are those the sample bags to which Mr. Bernays referred in his testimony here yesterday? A. I was not here.

Mr. Burgess: It has no reference to that, Mr. Fairchild. The charge that Mr. Pultz refers to is the charge that is made when the work is done for outside people. They are not exporters. The exporters do not pay; they pay for no service whatever.

By Mr. Fairchild:

Q. Mr. Pultz, can you give the items of your investment account as it stands to-day? A. Well, I could not give you item for item.

Q. I mean the total as it stands to-day. A. I think it is somewhere in the neighborhood—money invested you mean?

Q. Your surplus account? A. About \$400,000.

By the Chairman:

Q. Is that a sinking fund? A. It is money invested in securities. It is in the nature of a sinking fund.

By Mr. Fairchild:

Q. Your company has no indebtedness? A. Nothing only the running expenses that come in from time to time.

Q. So this surplus of \$400,000 has no charge of any indebtedness against it? A. None at all.

Q. And is not set aside as a sinking fund to pay any indebtedness? A. Although it is not under the title of a sinking fund, I suppose we should use it for any such purposes.

Q. Your company has no indebtedness? A. No, sir.

Q. Will you go back to the year 1892 and state the date of the

first dividend declared and paid by the International Elevating Company, subsequent to its organization June 15, 1891? A. June 15, 1892, \$88,000.

Q. On what amount of capitalization was that dividend? A. Eleven hundred thousand dollars, eight per cent.

Q. At that time there was outstanding the \$500,000 of bonds that had been issued? A. Yes, sir.

Q. And was there eight per cent. interest paid on those bonds? A. Yes, sir.

By the Chairman:

Q. Was that charged to the expense account? A. No, sir; it was not charged to the expense account. It was charged to an account opened "bond account."

Mr. Dykman: That has not been put down in your figures as an expense.

Mr. Fairchild: We will now put it in proper order.

By Mr. Fairchild:

Q. That was the total disbursement for the year ending June 15, 1892, for dividends and interest upon the bonds? A. No, sir; that was eight per cent. upon \$1,100,000 of stock. The interest on the bonds was a separate item.

Q. My question is that the eight per cent. paid on the bonds for the year ending June 15, 1892, on the \$500,000 of bonds, and \$88,000 paid in dividends June 15, 1892, represent the total disbursements for interest and dividends on stock for that year? A. Eighty-eight thousand dollars on the stock and the interest on the bonds.

Q. Now when was the next date a dividend was declared and paid? A. June 15, 1893, \$88,000 on \$1,100,000 of stock.

Q. Being eight per cent? A. Eight per cent.

Q. And for the year 1893 there was also paid eight per cent. interest upon the \$500,000 of bonds? A. Yes, sir. I will not be so certain, because, as I told you, we purchased \$150,000 of bonds and I am not exactly sure when we did do that. I do not know the year. What I am referring to is the date.

Q. Then in addition to that eight per cent. declared and paid June 15, 1893, on \$1,100,000 of stock, there was also paid eight per cent. interest upon any outstanding bonds? A. Yes, sir.

Q. And if, on that date, all of the \$500,000 of bonds were not outstanding, it was because the company, in addition to paying the interest on the outstanding bonds, paid out of its earnings, at 110, for the bonds and thereby purchased and retired them? A. Yes, sir; that is the case, if it relates to those dates. It is the case, anyway, but I am not certain about the dates.

By the Chairman:

Q. When were these bonds issued originally? A. Well, I could not tell you, sir. They were issued at the time of the organization as a part of the issue of the company.

Q. Were they issued in order to obtain money with which to pay for the various properties purchased by the company? A. Yes, sir; they were taken by the stockholders and held until they were redeemed.

By Mr. Fairchild:

Q. In other words, the total amount on June 15, 1891, that was paid to the several parties included in the consolidation for their good will and their boats amounted to \$1,600,000, of which \$1,100,000 was paid to them in stock and \$500,000 paid to them in bonds? A. Yes, sir.

Q. And the \$500,000 that was paid to them in bonds was paid to them under the agreement that the company could purchase them at 110 at any time at the option of the company? A. At the option of the company, as near as I can remember.

Q. Up to the time they were repurchased, either by paying cash for them at 110, or by issuing additional stock for them at 110? A. There was no stock ever issued for those \$500,000 of bonds directly.

Q. Were all the \$500,000 of bonds purchased at 110 for cash? A. Yes, sir.

By the Chairman:

Q. No stock issued for them? A. Not for those bonds.

By Mr. Fairchild:

Q. And on those bonds the company paid to the holders thereof eight per cent. interest up to the time that they were all finally retired by purchasing them under that option at 110? A. Yes, sir.

Q. Now will you give the date of the next dividend payment? A. The next dividend was paid December 15, 1893, \$42,900.

Q. On what? A. It was three per cent. on \$1,430,000.

Q. That was a six-months dividend? A. Yes, sir.

Q. Now will you explain how the capitalization of the company came to be increased from \$1,100,000 on June 15, 1893, to \$1,430,000 on December 15, 1893?

Mr. Dykman: Wasn't that all proved yesterday? Mr. Burgess gave all that yesterday, in detail from that paper, in answer to my questions, how the capital stock was increased to \$1,430,000.

Mr. Pultz: I can tell you that.

By Mr. Fairchild:

Q. Go ahead? A. We paid for the McCord elevators \$140,000. We had purchased bonds at a premium costing \$165,000.

Q. That was \$150,000 of bonds at 110? A. Yes, sir. We had expended on that plant of the company \$25,000 which makes \$330,000, which we issued as a stock dividend to the stockholders.

Q. In other words the \$140,000 paid to Mr. McCord was paid out of the earnings? A. Yes, sir.

Q. And not to him in stock? A. No, sir.

Q. And the \$165,000 paid for bonds was paid out of the earnings, in addition to the dividend? A. Yes, sir.

Q. And there had also been expended up to that time \$25,000 in betterments out of the earnings? A. Yes, sir; that is right.

Q. And at that time, therefore, you declared a stock dividend amount to \$330,000? A. Yes, sir.

Q. And thereby increased your capital from \$1,100,000 to \$1,430,000? A. That is right; yes, sir.

Q. Now will you give the date of the next dividend subsequent to December 15, 1893, which was declared and paid by the company? A. June 15, 1894, \$66,000.

Q. What was that dividend paid on? A. Three per cent. on \$2,000,000.

Q. For six months? A. Yes, sir.

Q. Now will you explain how the capitalization of the company came to be increased from \$1,436,000 on December 15, 1893, to \$2,200,000 on June 15, 1894? A. After paying for the \$150,000 of bonds there were \$350,000 of bonds still outstanding. Bonds to the extent of \$770,000 were sold to the stockholders at fifty cents on the dollar. That would be \$385,000.

By Mr. Dykman:

Q. Did you say what interest they bore? A. They were two per cent. bonds, I think. That placed a fund of \$385,000, which was used to purchase \$350,000 of bonds that were outstanding at a premium of ten per cent. making \$385,000.

By Mr. Fairchild:

Q. On what date did that occur? A. In August, 1893.

Q. Then in August, 1893, the International Elevating Company redeemed \$350,000 of bonds upon which had been paid eight per cent. interest, and which was a part of the issue of \$500,000, of which issue \$150,000 had already been redeemed at 110, by increasing their bonded indebtedness to \$770,000? A. Yes, sir.

Q. On that day they sold \$770,000 of bonds at fifty to retire bonds upon which they had been paying eight per cent. interest and which could have been redeemed at 110? A. Yes, sir.

Q. What kind of bonds were those \$770,000 of bonds? A. I could not tell you now; debenture bonds I imagine.

Q. Were they not income bonds? A. Income bonds; yes, sir.

Mr. Dykman: They made a saving of \$13,000 a year by that transaction in interest.

By Mr. Fairchild:

Q. What became of those \$770,000 of bonds? A. They were exchanged by the stockholders for stock.

By the Chairman:

Q. Share for share? A. The face value of the bonds.

By Mr. Fairchild:

Q. For the \$770,000 of bonds what did the stockholders receive? A. They received \$770,000 in stock.

Q. And it was the issuing of \$770,000 of stock for the \$770,000 of bonds that increased the capitalization to \$2,200,000. A. Yes, sir.

Q. And that issue of \$770,000 of stock occurred shortly after the issue of \$770,000 of bonds, did it not? A. I believe it did, sir.

Q. So that the effect of the transaction was to issue \$770,000 of the company's stock in payment of the \$350,000 of bonds, which the company had the right to buy under their option at 110. A. Yes, sir. The effect was to retire all the bonded indebtedness against the company.

Q. When was the consolidation consummated with the Atlantic Elevating Company? A. February 15th.

Q. What year? A. Eighteen hundred and ninety-four.

Q. So that the consolidation with the Atlantic Elevating Company occurred prior to that declaration of dividend June 15, 1894, about which you testified, as well as prior to the issuing of \$770,000 of stock? A. Yes.

Mr. Dykman: They were coincident. The \$770,000 of stock was issued when the consolidation was made.

By Mr. Fairchild:

Q. Mr. Pultz, will you state whether or not the issue of the \$770,000 of stock and the consolidation with the Atlantic Elevating Company were coincident? A. Yes, sir.

Q. Were there any securities additional to the \$2,200,000 of capital issued at the time of the consolidation with the Atlantic Elevating Company? A. Six thousand dollars in bonds.

Q. To whom have those bonds been paid? A. I could not tell you now.

Q. Were they paid to the Atlantic Elevating Company? A. Yes, sir.

Q. What became of that issue of \$6,000 of bonds? A. They were retired.

Q. They were retired by being purchased by the company from the surplus earnings of the company? A. Yes, sir.

Q. Now can you give the date when they were retired? A. I could not unless you have it on that paper.

Q. For how long a time were they outstanding? A. A very short time, whatever it was.

Q. Now will you give the date of the next dividend declared and paid by the International Elevating Company subsequent to June 15, 1894? A. December 15, 1894, \$66,000, three per cent. on \$2,200,000.

Q. For six months? A. For six months.

Q. What was the date of the next dividend? A. December 15th, 1895, one year, \$88,000, four per cent. on \$2,200,000.

Q. What was the date of the next dividend? A. June 15, 1896, \$66,000, three per cent. on \$2,200,000.

Q. For six months. A. Six months.

Q. What was the date of the next dividend? A. December 15th, 1896, \$110,000, five per cent. on \$2,200,000.

Q. For six months. A. Six months.

Q. That was the first date that the dividends of the company had reached ten per cent. per annum upon the capital of \$2,200,000. A. Yes, sir. Prior to that it had been from six to eight per cent.

Q. What was the date of the next dividend? A. June 15, 1897, \$66,000, three per cent. on \$2,200,000.

Q. For six months. A. For six months.

Q. What was the date of the next dividend? A. September 15, 1897, \$44,000, two per cent. on \$2,200,000.

Q. For three months? A. Quarterly, yes, sir.

Q. What was the date of the next dividend? A. December 15, 1897, \$88,000, four per cent. on \$2,200,000.

Q. That was also quarterly and was at the rate of sixteen per cent., was it not, on the capitalization of \$2,200,000, per annum? A. Four per cent. would be at the rate of sixteen per cent. per annum.

Q. What was the date of the next dividend? A. March 15, 1898, \$44,000, two per cent. on \$2,200,000.

Q. For three months? A. Three months.

Q. What was the date of the next dividend? A. June 15, 1898, \$44,000, two per cent. on \$2,200,000.

Q. For three months? A. Three months.

Q. What was the date of the next dividend? A. September 15, 1898, \$88,000, four per cent. on \$2,200,000.

Q. For three months? A. Yes, sir.

Q. That quarter also equals sixteen per cent. on the capital per annum? A. Four per cent. quarterly, four times four is sixteen.

Q. Sixteen per cent. per annum? A. Yes, sir.

Q. What was the date of the next dividend? A. December 15, 1898, \$88,000.

Q. That was quarterly and at the rate of sixteen per cent. per annum? A. Yes, sir.

Q. What was the date of the next dividend? A. March 15, 1899, \$44,000.

Q. And the date of the next dividend? A. June 15, 1899, \$44,000.

Q. The dividends are now being paid quarterly, are they not? A. Generally, yes, sir.

Q. And range from eight to sixteen per cent. per annum?

Mr. Dykman: I submit that is impossible. A dividend could not range from eight to sixteen per cent. It must be one or the other.

The Chairman: The witness will please answer.

A. The last two dividends were \$44,000, at the rate of eight per cent.

By the Chairman:

Q. The last six months were at the rate of eight per cent? A. The last dividend quarterly was \$44,000.

Q. That is two per cent? A. It would be eight per cent. per annum.

By Mr. Fairchild:

Q. And the last quarter preceding that was at the rate of sixteen per cent per annum? A. That was \$44,000 also.

Q. December 15, 1898? A. Eighty-eight thousand dollars, yes, sir.

Q. At the rate of sixteen per cent. for that quarter, so that the average for the past couple of years would range somewhere between eight and sixteen per cent. per annum. Is that not correct?

Mr. Dykman: The Commission knows what we have had.

Mr. Fairchild: Mr. Pultz is your bookkeeper, and I wish his calculations upon the record.

Mr. Dykman: I know what you want, but I submit that having had what each separate dividend is, it is enough.

By Mr. Fairchild:

Q. Mr. Pultz, from your own calculation as an expert bookkeeper, will you answer that question? A. I am not an expert bookkeeper.

Q. You are the expert bookkeeper of the International Elevating Company, and as such will you give your calculation as to what the average rate of dividend has been on \$2,200,000, the capitalization of the company for the two years ending June 15, 1899? A. About eleven per cent.

By the Chairman:

Q. That is your fiscal year? A. Yes, sir.

Q. That is the year from June 15, 1897, to June 15, 1898, and from June 15, 1898, to June 15, 1899? A. Yes, sir.

Mr. Dykman: May I ask if the Commission will adjourn for luncheon. A physician, a client of mine, is up stairs and I want to tell him to wait.

Mr. Fairchild: I might say that I am now through with this witness. That finishes my witnesses. Any arrangements the Commission desires to make will be to meet Mr. Dykman's wishes.

The Chairman: When we adjourn we shall adjourn until two o'clock.

Mr. Dykman: Will the Commission sit to-morrow?

The Chairman: If you desire to have them meet, it will.

Mr. Dykman: I can accumulate testimony like Mr. Bernays's

indefinitely. I had intended calling a representative from three or four leading firms, and submit to the Commission whether it will be necessary for their purposes for me to go further and furnish testimony. I am told that an indefinite number of men in the grain trade would give testimony substantially like Mr. Bernays's.

The Chairman: I do not think it is necessary for you to have an indefinite number. I think a few representatives of leading firms would suffice. However, counsel will take that into consideration.

Mr. Dykman: I have talked with three, sir. I have a leading member of the firm of McIntyre & Wardwell. We all know their standing in this trade. I also have Mr. Reinschneider, who is with Mr. Pfarrius, then perhaps two more.

Mr. Fairchild: Mr. Dykman ought to be his own best judge as to when he considers the case he desires to establish is established.

Mr. Dykman: I have no case to establish until I know how far the counsel intends to go.

The Chairman: All we desire is to get at the facts; we wish nothing but facts.

Mr. Dykman: I am wholly satisfied of that.

Mr. Fairchild: Of course Mr. Dykman understands that the counsel to the Commission has only produced facts here.

By Mr. Fairchild:

Q. Mr. Pultz, have you calculated from your books the number of stockholders of the International Elevating Company? A. Two hundred and fifty.

Q. And have you calculated how many of those stockholders are members of the New York Produce Exchange? A. Sixty-nine.

Q. And what is the total number of shares held by those sixty-nine stockholders? A. Somewhere about 12,000.

Q. Haven't you the exact figures? A. Twelve thousand seven hundred shares, owned by sixty-nine members of the Produce Exchange.

By the Chairman:

Q. How many members are there in the Produce Exchange?

A. Three thousand members.

Q. So sixty-nine out of 3,000 are stockholders in your company?

A. Yes, sir.

Mr. Dykman: The chairman will observe that they control the company; the Produce Exchange controls the company.

The witness: I said there were 250 stockholders on our books.

By Mr. Fairchild:

Q. Mr. Pultz, have you included in that calculation shares that are held in the names of wives and daughters and sons of members of the Exchange? A. I have not, sir.

Q. Can you state the number of shareholders, including the wives, sons and daughters of members of the Exchange? A. Mr. Fairchild, the names that you require comprise not only wives, but widows, orphans and everybody who was ever related to anybody who may have been a member of the Produce Exchange. For instance, among those people is a Mrs. Phoebe Jane Stadlmair, who has not an acquaintance in the company to-day. She holds 400 shares of stock.

By the Chairman:

Q. As an investment? A. As an investment; yes, sir. She is the widow of Mr. Stadlmair, who was of the firm of G. Amsinck & Co. He was a member of the exchange, but has been dead some little time. The only acquaintance Mrs. Stadlmair had, was Mr. Puffer, and he has been dead some years. She practically knows no one in the concern.

By Mr. Fairchild:

Q. It also includes, for instance, Angie M. Kneeland, the mother of Yale Kneeland, who holds 170 shares, doesn't it? A. One hundred and seventy shares; yes, sir.

Q. And also includes Alice J. Nash, the daughter of William A. Nash, six shares; Warren B. Nash and William A. Nash,

another son, 500 shares? A. No; that is William A. Nash himself. Warren B. Nash, the son, holds seventy-five shares.

Mr. Fairchild—That statement about the widows and orphans is so infinitesimal an item that, in view of the statement on the record, I will feel compelled, as I told Mr. Dykman yesterday, to have in evidence before the Commission the stock list of the International Elevating Company.

Mr. Dykman.—It will not be produced here unless the Commission orders it produced. I submit that we have given full access. Yesterday Mr. Fairchild was content, now all that has happened is that Mr. Fairchild has discovered that widows and orphans are not important. It is the only change. Full access and courtesy has been extended to Mr. Fairchild and was on the understanding that the stock list was not to be produced here. It is a matter of no great importance, but some people do not like to have their holdings put on record.

By Mr. Fairchild:

Q. What is the total number of shares, Mr. Pultz, held by those in that separate list, including the wives and daughters of members of the Exchange?

Mr. Dykman.—You mean wives, daughters, widows and orphans?

Mr. Fairchild.—I do not intend to amend my question at your suggestion. (Question repeated.) A. About 4,000 shares.

Q. Now can you state how many of those 4,000 shares are held by widows and orphans? A. I do not know everybody who is a widow or who is an orphan. I know perhaps some.

Q. You do not mean to include Yale Kneeland's mother as one of the widows and orphans of a member of the Exchange? A. She is a widow.

Q. She is also the mother of Yale Kneeland, who is a prominent grain merchant? A. Yes, sir.

Mr. Fairchild: I wish to state to the Commission that, as Mr. Dykman has suggested, I have been given full access to the stock books. The president of the company, Mr. Burgess, has

given me the information as to each stockholder, whether each stockholder is a member of the Exchange, or represented by a member of the Exchange. Upon that information, given by the president of the company, the total list of stockholders shows that there are 102 stockholders, either members, or represented by members of the Exchange, with a total of \$1,753,500 of stock out of a total of \$2,200,000, either held by the members or held by relatives represented by members of the Exchange, and that there are not over 200 or 300 shares that could, by any possibility, be subject to the reference that Mr. Dykman made, or Mr. Pultz made, regarding widows and orphans. It was because of that statement, in my hands, compiled with the aid of the president of the company, that I stated that unless those figures were admitted to be correct, there is no way for the Commission to have the correct information except by having the stock list itself.

By Mr. Dykman:

Q. Was Mrs. Stadlmair included in that list? A. Yes, sir.

Q. How many shares did she hold? A. Four hundred.

Q. Is she represented by any one on the Exchange? A. No, sir.

Q. Is Mrs. Puffer, the widow of G. D. Puffer, included in that list? A. She is.

Q. How many shares does she hold? A. Two hundred.

Q. That is 600 shares. Those are only two names. Are there any others? A. Mrs. C. S. Richardson.

Q. How many shares does she hold? A. Five hundred.

Q. Is she represented on the Exchange? A. No, sir.

Q. That is 1,100 right there? A. Yes, sir.

Mr. Dykman: The shares held by the persons just mentioned amount to 1,100. I don't know how accurate your figures are.

Mr. Fairchild: My figures are sufficiently accurate to have been furnished by the president of the company.

Mr. Burgess: Mr. Fairchild asked for information as to whether they had any relatives and that is something I do not know. You cannot give that information correctly. Because a person is

named "Jones" it does not follow that he is related to any "Jones" on the Exchange. I gave him those figures to the best of my belief.

Mr. Fairchild: Undoubtedly. In every case where the president of the company said he did not know, or was not sure, the shares were not included in the list that made up the \$1,753,000 of stock.

Mr. Dykman: I have no objection to admitting the figures because it shows how much more complete the control is in the Exchange. When I know, however, that Mrs. Stadlmair is dead and is not represented, I feel that that must be an inaccurate statement; so with Mrs. Puffer, because I know that Mr. Puffer is dead, and she is not represented. Mrs. Richardson is the daughter of Edward Annan and she is not represented. I happen to know these three cases.

Mr. Fairchild: Was Mr. Stadlmair dead at the organization of this corporation?

Mr. Dykman: No.

Mr. Fairchild: Was Mr. Stadlmair dead at the time the arrangement was made with Produce Exchange for the rate of a cent and an eighth subsequent to the passage of the McAvoy elevator bill?

Mr. Dykman: There was no company at that time. That was made three years before this company was formed.

By the Chairman:

Q. Do these sixty-nine stockholders who are members of the Exchange constitute a majority of the stockholders? A. Yes, sir; they have a majority of the stock. There are 22,000 shares in the total and they represent 12,000 shares.

Q. The sixty-nine members of the Exchange, also the officers of the company, are included in the sixty-nine that are also members of the Exchange? A. Yes, sir.

Q. And they constitute a majority of this corporation? A. Yes, sir.

Mr. Dykman: Therefore we ought to exclude all widows, orphans and wives because the fact is that the company is controlled by the Produce Exchange.

Commissioner Smith: What this Commission desires to know is just how many shares of stock are held by members of the Produce Exchange and representatives of the Exchange. That is a perfectly germane and legitimate question.

Mr. Dykman: And representatives of the Exchange?

Commissioner Smith: Those represented by the Exchange. How many shares of stock are subject to the influence of the Produce Exchange? That is the purpose the council has in view. It is a perfectly germane thing to put on our record and I would like to see it there. If your officers, or the employes of the company are capable of giving this information they are capable of giving it on the stand.

Mr. Dykman: They did not give it. The fact is the counsel had a piece of paper in his hand and he asked questions and he classified the shareholders himself, according to the information which he elicited.

Mr. Fairchild: From the president of the company.

Mr. Dykman: The president of the company answered all his questions.

The Chairman: Are you satisfied with the classification our counsel made?

Mr. Dykman: I am satisfied of this, that there are sixty-nine members of the Exchange who own 12,000 shares, that there are certain widows and children of men who were in the Produce Exchange, and who are dead to-day, and they hold, if he says four thousand, I say four thousand shares. That fact I am willing to have go on the record.

Mr. Fairchild: I do not say that the four thousand shares include the widows and orphans. I say that when Yale Kneeland transfers some of his stock to the name of his mother, I say that stock is not properly excluded and in that compilation of twelve thousand shares it is excluded.

Mr. Dykman: I say that stock should be excluded.

Mr. Fairchild: I say that when William A. Nash transfers shares of his own stock to members of his family, that stock ought to go in. I say that the additional shares which make up a total

of seventeen thousand shares instead of twelve thousand are almost entirely of such stock as has been excluded from the list. Unless you are willing to produce here an accurate list and have your witness testify to it, showing the exact number on that basis, the only way to get at it is to have the stock list.

Mr. Dykman: If you want to have it seventeen thousand shares in the control of the Produce Exchange, I would sooner have it than twelve thousand.

By Commissioner Smith:

Q. Do you know, Mr. Pultz, that approximately seventeen thousand shares of stock are owned by members of the Produce Exchange or relatives of members of the Produce Exchange? A. Without knowing it positively I should say very probably it was so.

Q. Approximately that amount? A. Yes, sir.

By Mr. Dykman:

Q. I want you, as an expert bookkeeper of the International Elevating Company, to give an average rate of dividends since the formation of the company. You have been asked for the last two years. I think it would be more satisfactory to know the whole, the average for the entire time.

Mr. Fairchild: Do you mean the average rate of dividends divided upon the different amounts of capital at different times, because the present capital is twenty-two hundred thousand dollars and the rate that was declared at the incorporation of the company was sixteen hundred thousand dollars.

By Mr. Dykman:

Q. Will you give the average rate of dividends since the formation of the company? A. Between 7 and 8 per cent.

By the Chairman:

Q. Since its organization in 1893? A. Since 1891, June 15th.

Q. I want to get at this. You changed your capitalization, you doubled it within two years, then you declared 8 per cent. for

the first two years, didn't you? At the ending of your first fiscal year you made 8 per cent? A. Yes, sir.

By Mr. Dykman:

Q. The years ending June 15th, 1892, the dividend was 8 per cent? A. Yes, sir.

Q. What was it in 1893? A. The same.

By the Chairman:

Q. On your stock of eleven hundred thousand dollars? A. Yes, sir.

Q. And then you changed your capitalization? A. We changed it then to fourteen hundred and thirty thousand dollars.

By Mr. Dykman:

Q. What was the rate at that time? A. We paid 3 per cent. on that capitalization. After that the capitalization was changed to twenty-two hundred thousand dollars.

By Commissioner Shayne:

Q. You say 3 per cent. Is that 3 per cent. for six months, 6 per cent. per annum? A. Three per cent. for six months, 6 per cent. per annum.

By Mr. Dykman:

Q. Will you disregard six months and three months and give the dividends for the year? A. For the year ending June 15, 1893, the dividend was eight per cent.

Q. What was the dividend for the year ending June 15, 1894? A. June 15, 1894, the rate of the dividend was six per cent.

Q. And the rate for the year ending June 15, 1895, what was the rate throughout the year? A. For the year ending June 15, 1895, we paid three per cent. dividend.

By Mr. Fairchild:

Q. On your new capitalization for twenty-two hundred thousand dollars? A. Yes, sir.

By Mr. Dykman:

Q. What was the rate for the year ending June 15, 1896? A. Seven per cent.

Q. What was the rate for the year ending June 15, 1897? A. Ten per cent.

Q. What was the rate for the year ending June 15, 1898? A. Twelve per cent.

Q. What was the rate for the year ending June 15, 1899? A. Twelve per cent.

Q. That is sixty-six per cent. in eight years, an average of eight and one-quarter per cent? A. Yes, sir.

By Mr. Fairchild:

Q. Your statement is that the average dividends from the organization of the company to June 15, 1899, was eight and a quarter per cent? A. Yes, sir.

Q. Does that include the eight per cent. paid on the bonds? A. No, sir.

Q. Nor does it include the premium paid on the bonds? A. No, sir.

Q. How many elevators have you in operation now, Mr. Pultz? A. We are running from seventeen to nineteen elevators.

Q. How many of those elevators have been built by your company? A. Well, there are four of them that have been built by the company and one actually rebuilt.

Q. Five? A. Yes, sir.

Q. And in addition to the dividends you have declared, you have been able to pay for those out of the earnings of the company, out of the surplus earnings of the company? A. Yes, sir.

Q. Now will you state how many elevators, the total number of elevators acquired by the company as a result of the different consolidations? A. Twenty-nine.

Q. And the remaining elevators that you do not now account for in your figures are those that have been destroyed or chopped up or sold for scrap iron and the hulls sold; is that correct? A. That is correct.

Q. And in addition to that the amounts that have been paid in reconstructing elevators, such as \$24,877.19 on the Republic, \$14,999.05 on the Mildred, \$10,200.73 on the New York and \$18,649.61 on the Antwerp, were all paid out of the earnings? A. Yes, sir.

Q. And as to the other boats that were purchased in the consolidation and are still being used, I suppose the Antwerp, Republic, New York and Mildred would be fair samples of what has been spent upon all those boats to keep them in their present condition, as you now have them? A. Yes, sir; about what we would consider.

Q. And all expenditures for any such purpose of reconstructing the boats and building new boats have all been paid out of the earnings? A. Yes, sir.

By Mr. Dykman:

Q. Now, counsel asked you whether the increase of the capital stock followed immediately after the issue of \$770,000; now the fact is that that issue of \$770,000 of bonds was made in July and August, 1893, was it not? A. Somewhere around that period.

Q. And at that time the market price of the stock of the company was between fifty and sixty? A. Yes, sir.

Q. And these bonds were issued and taken exclusively by shareholders, were they not? A. Yes, sir.

Q. Now, six to eight months later, this company was consolidated with another company, was it not? A. Yes, sir.

Q. Not this company, but the International Grain Elevating Company was consolidated with the Atlantic Elevating Company and produced the International Elevating Company? A. Yes, sir.

Q. And it was as a part of that consolidation that stock was issued for the bonds? A. Yes, sir.

By the Chairman:

Q. Was this stock listed on the Stock Exchange? A. No, sir.

Q. Where did you get your price of fifty cents.

Mr. Dykman: Possibly by auction; it is dealt in here.

Commissioner Shayne: On the Product Exchange?

Mr. Dykman: You can find from brokers the prevailing price.

The Chairman: The witness has testified the stock brought 8 per cent.

Mr. Dykman: Yes, sir; between 1893, 1894 and 1895 the stock was between fifty and and sixty at 8 per cent. The point I was making was that the bonds could only be issued to stockholders and they were issued at the same price as the stock. There was nothing in that. It was thought at that time an advantageous suggestion because it saved between twelve and thirteen thousand dollars interest. They made an income bond and gave it to the stockholder on which they paid 2 per cent. A great many people thought the floating elevator was a decaying business.

Commissioner Smith: It was not paying as large rebates as it has been since?

Mr. Dykman: No, the rebates were not as large and times were dull. You will find an automatic regulation of rebates according to the business done.

Mr. Fairchild: In fairness to the International Elevating Company it might be suggested that that statement of an average of $8\frac{1}{4}$ per cent. dividend is hardly fair to the International Elevating Company as it would imply that it was an average of $8\frac{1}{4}$ per cent. on twenty-two hundred thousand dollars whereas it includes the rate that was declared on one-half of that. Mr. Dykman thought it was an attack when I made a similar suggestion some time ago.

Mr. Dykman: We are entirely willing to let it go at $8\frac{1}{4}$ per cent. because we think this is a business that ought to pay more than $8\frac{1}{4}$ per cent. a year. As business men all say this business ought to pay more than $8\frac{1}{4}$ per cent., not only on property but on brains.

L. B. HOWE.

L. B. HOWE, being duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. L. B. Howe.

Q. Your occupation? A. Superintendent of the New York Produce Exchange.

By Mr. Dykman:

Q. Will you produce the minutes of the Produce Exchange, the minutes of the meeting of the grain trade? A. I have the minutes of the meeting of the grain trade.

Q. Will you turn to the minutes of the meeting of the grain trade held in the call room of the New York Produce Exchange, June 13, 1888, 12 o'clock, pursuant to notice; at that meeting a committee was appointed? A. Yes, sir.

Mr. Dykman: I offer the minutes of that meeting as evidence and substitute for the original, which I suppose you will not want to detain here, a copy.

Received in evidence and marked Exhibit No. 1 of September 21, 1899.

Q. The first meeting appointed a committee of the members of the grain trade to confer with the owners of the floating elevators and with the stationary warehouses upon the subject of rates. That meeting only appointed a committee? A. Yes, sir.

Q. Will you also produce a copy of the minutes of the grain trade, held in the call room of the Produce Exchange, June 18, 1888, pursuant to notice? A. Yes, sir.

Mr. Dykman: This is a report of the special committee of grain receivers, exporters and steamship agents, in conference with the committee of elevator and warehousemen and I desire to offer in evidence a copy of the minutes of the meeting of the grain trade which acted upon that report.

Mr. Fairchild: If the witness is prepared to swear that it is an exact copy of the minutes we will accept it.

Mr. Dykman: We will take it subject to correction.

Mr. Fairchild: Has the witness compared it?

Witness: I have not but I can.

Mr. Dykman: I will read it aloud to the Commission and he can follow it.

The copy was read and compared with the minutes appearing in the book produced by the witness.

The Chairman: You consider that correct copy?

Witness: Yes, sir; a correct copy.

Mr. Dykman: I will offer the copy instead of the book as I suppose they will not want that book taken away.

Received in evidence and marked Exhibit No. 2 of September 21, 1899.

EXHIBIT NO. 1, SEPTEMBER 21, 1899.

Copy of the minutes of a meeting of the grain trade held in the call room of the New York Produce Exchange, June 13, 1888, at 12 o'clock, pursuant to the following:

NOTICE.

A meeting of the members of the grain trade will be held Wednesday, June 13, 1888, in the call room immediately after the call to appoint a committee to confer with the elevator and shipping representatives, relative to the conditions resulting from the McEvoy elevator bill having become a law.

A. E. ORR, *President*.

June 12th, 1888.

The president called the meeting to order.

On motion of Mr. Kneeland, it was

Resolved, That a committee of seven, consisting of receivers, exporters and ship owners, be appointed to confer with the committee of five elevator men appointed yesterday, and take prompt and efficient action in regard to the equalization of charges that are now in force under the McEvoy law.

At the request of the president, the committee was appointed by the meeting and is as follows: Henry T. Kneeland, David Bingham, F. W. J. Hurst, Frederick V. Dare, Franklin Quinby, H. L. Wardwell, Frederick Weber.

Adjourned.

T. A. BEALL,
Stenographer.

EXHIBIT NO. 2, SEPTEMBER 21, 1899.

Copy of the minutes of a meeting of the grain trade held in the call room of the New York Produce Exchange June 18, 1888, pursuant to the following:

NOTICE.

A meeting of the members of the grain trade will be held in the call room Monday, June 18, 1888, immediately after the grain call, to receive and act upon the following report of the special committee of grain receivers, exporters and steamship agents, in conference with the committee of elevator and warehousemen.

By order

CHARLES C. BURKE,

Vice-President.

June 15, 1888.

REPORT.

NEW YORK, June 15, 1888.

To the Members of the Grain Trade:

Gentlemen.—The following proposition, as to the charges on grain was considered and accepted by the joint committee of grain receivers, exporters and steamship agents, at a conference held June 14, 1888, with the elevator and warehousemen, and is recommended to the trade for adoption, viz.:

Charges—Grain Afloat.

Receiving, weighing and discharging ($\frac{5}{8}$ c.), per 1,000..	\$6 25
Canal boat trimming, per 1,000.....	1 50
Trimming (ocean vessels), per 1,000.....	2 00
Transportation of elevator ($\frac{1}{2}$ c. per bushel), per 1,000..	5 00

Total charges (per 1,000).....	\$14 75
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Charges—Grain in Store.

Receiving, weighing and discharging, including 10 days' storage ($\frac{5}{8}$ c. per bushel), per 1,000.....	\$6 25
Canal boat trimming, per 1,000.....	1 50
Trimming (ocean vessels), per 1,000.....	2 00
Extra storage ($\frac{1}{2}$ c. per bushel), per 1,000.....	5 00

Total charges (per 1,000).....	\$14 75
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To carry into effect the above proposition, the grain rules should be amended as follows:

Amend rule 26 of the grain rules, by striking out the first sentence thereof and inserting the following: "On all deliveries of grain, afloat or in store, buyers shall incur one-half of the customary expenses of receiving, weighing and discharging (½c. per bushel). On deliveries of grain from store into ocean-bound vessels, an extra charge of storage of one-half cent per bushel shall be incurred. On sales of grain afloat, to be delivered into ocean-bound vessels, buyers shall pay one-half cent per bushel transportation of elevator, which shall be collected by seller."

HENRY T. KNEELAND,

Chairman.

DAVID BINGHAM,

F. W. J. HURST,

FRANKLIN QUINBY,

HENRY L. WARDWELL,

FREDERICK WEBER,

FRED V. DARE,

Special Committee.

Mr. Kneeland, chairman of the special committee, read the report, as above, and presented some remarks in explanation thereof.

On motion, the report was received and unanimously adopted.

On motion, adjourned.

THOS. LEE GILL,

Secretary.

T. A. BEALL,

Stenographer.

EDWARD G. BURGESS (recalled).

EDWARD G. BURGESS, recalled, testified as follows:

By Mr. Fairchild:

Q. If you were confident that the future business, the grain business in New York, would be as good, or approximately as

good, as it has been for the past two or three years, then you would be able, in your opinion, to reduce your rates, without risk to the profits of the elevating company; is that not so? A. They might be reduced some.

Q. You think in such a case the rate could be reduced if you were sure that this meant a permanent situation? A. According to what the reduction would be. I think if business continued as it has been for the past two or three years there is a chance of a small reduction.

Q. Will you say how much? A. I could not say that.

Q. Would you say two-eighths? A. No, sir.

Q. One-eighth? A. It would be pretty close work; that is taking chances.

Recess was here taken until two o'clock p. m.

The chairman called the Commission to order at 2.05 p. m. Of the Commission Messrs. Schieren, Shayne and Smith were present. Hon. B. L. Fairchild appeared as counsel to the Commission and W. N. Dykman, Esq., as counsel for the International Elevating Company.

SAMUEL TAYLOR, Jr.

SAMUEL TAYLOR, JR., being duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. Samuel Taylor, Jr.

Q. Your business? A. Grain merchant and stock broker.

Q. You are a member of this Exchange? A. Yes, sir.

By Mr. Dykman:

Q. You are a member of the firm of McIntyre & Wardwell?
A. Yes, sir.

Q. You are what is known in the trade as receivers of grain?
A. Yes, sir.

Q. You buy in the western markets and move grain here and sell it? A. We buy grain in the west. bring it here and sell it

to exporters; we also receive grain from western owners and handle it on commission for them.

Q. Will you say what proportion of the wheat brought to New York your firm handles? A. Ordinarily about half of what comes here—half of the entire amount. We have not figured up this year, but for the last few years we have handled about fifty per cent. of all that came here.

Q. What proportion of the corn and oats that come to New York does your firm handle? A. About one-third.

Q. Something was said here this morning about the exceptionally small amount of grain that was handled in 1895, and the chairman requested some explanation, and somebody mentioned that you probably could give as good an explanation of that as anybody. It was brought out in evidence that the International Elevating Company only handled 27,000,000 bushels in round figures; 1895 was a very small year, was it not? A. I think it must have been on account of the smallness of the crop and the greater competition of the outports.

Q. Do you recall what influence the Argentine had that year; that was mentioned as one thing that might have occasioned it? A. I know that there was one of those years, 1895 or 1896, when the Argentine had a very large surplus for export and they sold it. They had no speculation to keep the price up and they sold it for what they could get.

By Commissioner Smith:

Q. To be accurate you would want to refresh your memory?

A. To be accurate I would want to refresh my memory; yes, sir.

Mr. Dykman.—Would the Commission like to have that afterwards. Is it of enough importance? The chairman asked about it.

Commissioner Smith.—The chairman had forgotten come testimony of grain experts who have already been before us and have already testified, but if Mr. Taylor or any other witness can inform us we know it would be desirable to put it on the record.

Mr. Fairchild.—I would say that I called the chairman's atten-

tion to that testimony subsequent to his question, and he, apparently, was satisfied with it. For a number of years there were smaller quantities of grain each year which came to this port until the low-water mark was reached in 1895; that the business of the outports, compared to New York, increased during those years, year by year, and that since 1895 New York has regained something of what she had lost. Is that not correct, Mr. Taylor?

Mr. Taylor.—Yes, sir; if 1895 was the exact year. I know that in general that is true, because we have a chart upstairs that shows that, and I know from 1892 the next three or four years the competition of the outports was very keen and hurt New York considerably.

By Commissioner Shayne:

Q. Do I understand it was on account of the short crop in this country and a large crop in the Argentine that caused the light shipment for that year? A. Yes, sir, in part; and in part the keener competition from the outports.

Q. It did not pay to ship that year? A. No, sir.

By Mr. Fairchild:

Q. I will say, so far as the figures produced here this morning by the witness, Mr. Pultz, are concerned, showing the amount of grain elevated year by year by the International Elevating Company, that that was apparently a correct thermometer, year by year; according to the testimony of all these grain merchants, not only was 1895 a small year, but it was smaller than 1894, and 1894 was smaller than 1893, and 1893 than 1892; after 1895 it gradually increased again. A. I might suggest to the Commission that the statistician of the exchange has all those figures and could give them to you.

The Chairman.—Those figures have been produced here and have been placed on the record.

Mr. Dykman.—I was only going into that matter because of what the chairman said this morning.

The Chairman.—I want to state to the counsel that I wanted Mr. Pultz to state the reason, but I did not get an answer.

Mr. Dykman.—A bookkeeper, you know, hardly pays attention to that department of business.

By Mr. Dykman:

Q. You do business with the International Elevating Company? A. Yes, sir.

Q. And will you state what interest, direct or indirect, you or your firm have in the International Elevating Company? A. None whatever.

By Commissioner Smith:

Q. By that you do not mean the individual members of your firm? A. I mean I individually, or the firm as a firm.

By Mr. Dykman:

Q. You yourself have no interest in the International Elevating Company, directly or indirectly? A. I have none.

By Commissioner Shayne:

Q. Does any of the firm have any? A. Yes, sir; my senior partner is a stockholder and one of the directors, I think.

By Mr. Fairchild:

Q. And also Mr. Wardwell; he is a stockholder, isn't he? A. I do not know; he is only a special in our firm. I do not know what his investments are.

By Mr. Dykman:

Q. How much business do you do with the International Elevating Company? A. I could not say in amount of bushels.

Q. Can you say approximately? A. Well, it would run into the millions.

Q. Many millions? A. It would be over 10,000,000 anyway.

Q. Over 10,000,000 bushels a year? A. Yes, sir.

Q. Will you state what service the International Elevating

Company renders to you? A. They perform various services. Of course, they perform the physical handling of the grain from a canal boat or barge alongside of a ship, transferring it into the ship. In addition to that they have general charge of the grain from the time it is bought until it leaves the port. For instance, grain is sold by sample, more or less. When grain is so bought the International Elevating Company are notified by the buyer. They then send one of their experts to examine this grain to see that it is as represented.

Q. The International Company does that, not the buyer? A. Yes, sir; they send an expert to see if the grain is as represented—they see if it is up to sample. They also see if it is all that way, because sometimes, by accident, sometimes by design, grain is what they call “plugged.” For instance, in the bottom of a canal boat there will be a layer of inferior grain, sometimes very inferior, which would make a loss of several cents a bushel—ten or twenty cents a bushel. Maybe it is wet grain. Sometimes it is put in a pocket. Sometimes they put in a different kind of grain by mistake. If an elevator in Buffalo that has been loading oats starts to load wheat, and by carelessness the conveyor has not been cleaned, there will be oats mixed in with the wheat. They examine to see if that is in there, and if all the cargo in the canal boat is alike, and they report on it. If it is then satisfactory, and they go to unload, they have men stationed in the boat to catch anything that might have been missed by a trier. Grain is sampled by a trier and every inch cannot be reached. They have men there to see that nothing goes in that should not. A good deal of grain is bought subject to their inspection, according to the International Elevating Company’s inspection. Exporters here get orders to ship wheat by description, subject to International Elevating Company inspection, which they give and which is recognized in Europe as final. So they act as an inspection department. In addition to that they put up type samples. For instance, a merchant will have a line of a kind of grain that he wants to sell by sample. They will go and get samples of that, put them up in types and

send them abroad as types and orders are cabled for grain like those types. That is another way they act as an inspection department.

Q. Then is it part of the International Elevating Company's duty to see that the grain that goes into an ocean steamer is up to that type? A. Yes, sir. The International Elevating Company act as inspectors and you might say directors of all grain that is shipped in their care. A great many of the exporters do not pay any attention at all to the grain. They leave the matter in the hands of the International Elevating Company entirely. For instance, they will say, "We have got two or three different kinds of grain to ship that we want mixed together. You mix them together in whatever proportion you think best, so that it will be mixed correctly and in the right proportion. If you think it needs cleaning, why you may clean it whatever percentage you think is required." In other words, they have general charge of the shipping. They are really forwarders in a way, and have general charge of the shipping of the grain almost from the time it is bought until it leaves this port.

By Commissioner Smith:

Q. Is that true of rail grain as well as canal boat? A. Yes, sir. In addition to that they issue a weight certificate, which, if not accurate, of course makes a good deal of difference. Some of this grain is sold to the other side, the out-turn to be within a certain per cent. If it falls short more than that, why the buyer on the other side loses money. If he buys out-turn within one per cent., if this weight certificate should be wrong, as a rule, this market would be discriminated against in price because he could not afford to pay as much for a bill of lading or a weight certificate that was not going to be accurate, as he could find one that was accurate. Sometimes other markets and outports have, either through incompetent weighmen or inaccurate scales, or for some other cause, at times, got a reputation for bad out-turn and they were discriminated against.

By Mr. Dykman:

Q. Are there such ports in the United States that are discriminated against because of short weights? A. At times there are. There is no one port or ports that are continually so, because they have to correct their weighs or they would not do any business; also there are ports whose inspection certificates get in bad repute. I remember one time where, I think it was Galveston, every bushel of grain that arrived in Europe from that port, instead of being sound and in good condition, was hot, and for quite a while they were excluded from any bids. It is quite important that the inspection is lived up to and the weight certificate.

By Commissioner Smith:

Q. New York stands as a standard in that respect? A. New York inspection, in my opinion, stands at the top of any city in this country.

Q. And has always stood so? A. Yes, sir.

By Mr. Dykman:

Q. It has always been so? A. Practically so, so far as I know, for the last ten years, anyway.

Q. And that is in great part due to the work of the International Elevating Company, is it not? A. Yes, sir; their certificates stand in the highest way possible. Never heard them questioned.

Q. Can you, right at this point, give the Commission some idea of the proportion of graded grain, that is, grain which is within the range of the inspection department of the New York Produce Exchange and the grains which are not within that range, going out of this port year by year? Perhaps it will be enough for the purpose of the Commission to know whether there is more graded or more ungraded grain. A. I could not answer accurately.

By the Chairman:

Q. How much of your business? A. It would be a very rough guess. I could not say with any accuracy at all. The records will show that. I do not know.

By Commissioner Smith:

Q. A considerable quantity I presume? A. Yes, sir. Of our particular business we would have to figure that out. I mean the records of the port would show that.

By Mr. Fairchild:

Q. Approximately would you say that 50 per cent. of your business was New York Produce Exchange inspection? A. I should think there was more than 50 per cent. of our business New York Produce Exchange inspection but I do not believe the total business of the port would be that much.

Q. Would you say that 75 per cent. of your business was New York Produce Exchange inspection? A. No; I should think about 60 per cent. That is a rough guess. There are lots of firms that handle more ungraded grain than we do. We handle more graded grain because we are confined more particularly to three grains, wheat, corn and oats. There are other grains, like rye, barley and other things, that we do not handle very much. They are almost exclusively ungraded.

Q. Then do I understand you, in the case of graded grain, that is, wheat, corn and oats, that invariably the custom would be to have Produce Exchange inspection? A. That is, our business. I do not say the total business of the port of those grains is handled that way.

Q. Of your business, where it is wheat, corn and oats, you would have New York Produce Exchange inspection? A. We would not. The exporter would. We are not exporters.

Q. The exporter would have New York Produce Exchange inspection? A. Yes, sir.

Q. And, in your opinion, would that be generally true in the case of those three grains? A. No, sir; I do not think so.

By the Chairman:

Q. The Produce Exchange grade is a standard grade isn't it, their inspection is a standard? A. It is among members of the New York Produce Exchange. It is absolute and final unless they can discover something wrong.

Q. Isn't it considered so abroad? A. It depends on how the sale is made.

Q. In general is it considered as a high standard? A. Yes, sir. New York Produce Exchange inspection has a very high standing.

Q. And in purchasing, New York Produce Exchange inspection is generally required? A. I should not think so. I should not think there was over 60 per cent. of sales to Europe which are based on Produce Exchange inspection. They would be based perhaps on a western inspection or on the type sample or on some other conditions.

Q. A man having for sale a carload of wheat and who said "I have got New York inspection," wouldn't that be an inducement to buy it? A. It would be no inducement whatever unless he had an order to buy it New York inspection. The exporters get their orders from Europe and the buyer specifies what inspection he will take, and if he can not get it he will not buy. They are the arbitrators of what that shall be just as you are when you go into a store. You buy what you want. Somebody may show you something as a substitute but you do not have to take it. Then, when grain is sold, in lots of cases where the grain is New York Produce Exchange inspection the International Elevating Company give their inspection certificate, too.

By Mr. Fairchild:

Q. That is a duplication? A. Yes, sir, it is a double inspection. Very often when we have sold grain to go to Portugal, on winter wheat they are particular; they want the best quality, a medium quality would not do, and in addition to the Produce Exchange inspection they require some other inspection.

By Commissioner Smith:

Q. How do they compare as a rule, the two inspections, the Elevating Company and the Produce Exchange? A. The International inspection is more of a moral guarantee. For instance we will take wheat. The standard of No. 2 red

winter wheat is that it shall weigh fifty-eight pounds. Wheat will vary in quality in different parts of the country where it is raised. Some states raise plumper and better wheat than others. Wheat weighing sixty, sixty-one or sixty-two pounds is No. 2 red. Wheat weighing fifty-eight or fifty-nine pounds is No. 2 red. But they will say "we want choice No. 2 red." The New York Produce Exchange inspection does not give any certificate for choice No. 2 red. They will say "this answers the requirements for No. 2 red. They will not give a certificate for choice No. 2 red. The International will give a certificate that it is choice No. 2 red.

Q. A different variety of grades? A. It is a more moral guaranty.

Q. It has a commercial value too? A. Yes, sir.

By Mr. Fairchild:

Q. You have stated that the New York inspection is considered very high abroad? A. Yes, sir.

Q. Which corporation would you consider chiefly responsible for such a result, the New York Produce Exchange and its rules, or the International Elevating Company and its practice? A. Why the International Company has nothing to do with the New York Produce Exchange inspection. The New York Produce Exchange inspection stands high on its own merits because its inspection lives up to the rules and insists that grain shall not be inspected unless it is up to standard.

Q. Then I understand you that the existence of such a corporation in New York as the Produce Exchange, the rules that they have established, the rigid inspection that they have enforced by those rules, are chiefly, if not entirely, responsible for the high standard of New York inspection in foreign ports? A. Yes, sir. I did not mean, in my testimony, to intimate anything else but I simply said that a certificate for No. 2 red might cover a range in quality. An International certificate would signify closer. The New York Produce Exchange certificate will not say "this wheat is just as poor as it ought to be to get in" or "this wheat is very

choice." They will not say that. They will say that it is No. 2 red. Now No. 2 red only has to weight fifty-eight pounds. It may weigh more of course. It might weigh sixty-one pounds. Of course the inspector will grade it No. 2 red because it is better than it need be.

Q. In those cases abroad, where they wish to order a special grade, they are exceptional cases compared to the total amount of business of the port, compared to the total exports? A. Yes, sir; I should say they were.

By Mr. Dykman:

Q. You would say that of the business of the port more than half or about half was of this ungraded grain that receives a certificate of the International Company, from one cause or another, I do not care what the causes are? A. I could not tell as to that. The percentage the International, I should think, could tell almost accurately. I could not.

Q. Then, Mr. Taylor, the service that the International Elevating Company does for you is an assurance that the weights of your grain are right and that the quality of your grain is right? A. Yes, sir. Their weight certificates are accepted as final between members of this Exchange and money is paid on them with no arbitration or redress. It is taken as final.

By Mr. Fairchild:

Q. That is also true when grain is taken from stationary elevators, is it not? A. Yes, sir.

By Commissioner Shayne:

Q. Do you ship any grain by way of Boston? A. Not now; no, sir.

Q. Or Newport News? A. Not now; no sir. We have formerly dealt in most all of those outside markets but now our business is confined to New York.

By Mr. Fairchild:

Q. For how long a time has that been true? A. For the last three or four years.

Q. Can you state the cause of it? Is it a cause relating to the general business of the port or simply to your own conduct of your own business? A. It is simply because we can not make more money by handling at the outports now than we can in New York. Therefore we prefer to have our money invested in wheat in New York warehouses where it is under our hands. Formerly we could make more money at the outports. We were the first people to start business in some of the outports and it then was very remunerative.

By Commissioner Smith:

Q. Will you state what the changes are that constitute this difference. We would like to know if they are likely to be permanent? A. In my opinion they are permanent. I do not think we will ever handle grain in the outports again.

Q. You think the conditions are such that it will always be as profitable to deal in New York? A. For our firm.

Q. Wouldn't you say it would be so for other firms? A. No, sir.

By Mr. Fairchild:

Q. What would make the difference? A. There are various conditions that might arise where it would be more profitable for a western firm to do so.

Q. Where the western firm ships direct? A. Yes, sir. They use several ports wherever they can make freight rates the cheaper.

By Commissioner Smith:

Q. Can't you suggest to this Commission a general plan that would enable other dealers in grain to avail themselves of the system that you use in order that they, too, might do their business through this port? A. No, sir, I could not, because it is a disadvantage to us and an inconvenience, and more work for us, to handle grain through an outport than it is through New York. It is not as easy to borrow money on warehouse receipts at Norfolk or Newport News in New York banks as it would be in New

York. Here we are acquainted, they know us and the grain is right under their eye.

Q. That would apply with other firms equally? A. To New York firms, yes, sir, but western firms do their business differently. A New York firm, when they go to borrow money out of a New York bank, have to give up collateral and margin besides. Western firms do not always do so. The banking ideas and methods in the west are more liberal than they are in the east. A great many firms there can borrow a lot of money on their individual paper. New York banks will not do that. They demand collateral.

By Mr. Dykman:

Q. Is that so in Chicago? A. I think, to some extent, but I do not think to as large an extent as in the other large cities in the Northwest. When we did business at the outports we would not do it unless we could make more money.

By Commissioner Shayne:

Q. Are you not interested in the storage warehouses, your firm, so it does not cost you as much? A. As a firm, no, sir.

By Mr. Fairchild:

Q. How about the individual members of your firm? A. Mr. McIntyre, of our firm, is an officer of the warehouse company in Brooklyn, and I am an officer, but our firm is not, as a firm, and have no interest in their profits or proceedings. We have a rule that we do business where it is the cheapest.

Q. What we want to get at is what are the general conditions that are applicable to your own firm, and I am now going to ask you whether the interest of the individual members of your firm in the Brooklyn Wharf and Warehouse Company are not served by having as much grain as possible come through this port that would go into storage? Is that not so? A. I do not quite catch your question. I will make this statement. Because any individual members of our firm are interested in the Brooklyn Wharf

and Warehouse Company it would not influence any business to the Brooklyn Wharf and Warehouse Company stores, unless it was on as good terms or better than we could do anywhere else. We do business separately.

Q. Isn't a large portion of your business buying grain and receiving it here and storing it and selling it here? A. Leave out the word "storing" and I would say "yes." For the last two years there has been no grain stored here by anybody, to speak of. It did not pay to store. You lost money because grain, for the last two or three years, has been like this: Grain on the spot was worth so much, grain two or three weeks or further off you went for it was worth less. It did not pay to store. No one stored except for a few days to wait for the arrival of some steamer.

Q. Then will you explain the conditions that enable your firm to bring grain and export it by way of this port at a greater profit than by way of the outports, whereas other firms find it to their advantage to ship by other ports? A. I do not say we can do it at a greater profit.

Q. Or as well? A. I said we would not do business at the outports unless we could make more money and we have a large enough business so we do not have to do business at the outports. Smaller firms sometimes will take more chances and wait longer and do business for the same money at the outports as they will here. We will not.

Q. A few years ago you could make more money at the outports? A. Yes, sir.

Q. What are the general conditions that have been altered, making the difference between the time you could make more money at the outports and now when you can not? A. It is partly supposition. I do not want to go before any railroad people to prove this. I do not know as I could. The general conditions are these. When some of the outports were organized the custom of western firms of selling direct to Europe did not exist. It was done by New York merchants or merchants at the seaboard, so they came to a large firm, like ourselves, to see if we would divert grain through their port. For instance, Norfolk: We started Norfolk in the business, in the grain business.

Q. That is, your firm did? A. Yes, sir. At that time we were large buyers of southern wheat from Kentucky and Tennessee, and it was more advantageous for us to sell it, shipping it through Norfolk. They came to us and said, "We want to do grain business in Norfolk. You are a big firm. Won't you ship some through Norfolk?" We asked what advantages they would give us, and they said the best, and we did it. Since that time they have found that they, perhaps, did not have to give as advantageous rates to others as they did to us, because firms in the west, in St. Louis and Chicago, wherever it might be, ship through those ports direct. A firm in the west now sells direct to Europe with this proviso, that they may ship it through any port they like.

By Commissioner Smith:

Q. So the people that represented those ports go direct to the western dealers and deal through them? A. Yes, sir; and the western dealer ships it through the port that he can get to the cheapest, wherever he can get his railroad rates, his ocean rates, his elevator rates the cheapest.

By Mr. Fairchild:

Q. The only reason you have found it more profitable to ship by way of the outports was because a special inducement was made to you in order to get you to divert grain through those outports? A. Yes, sir.

Q. And those inducements were offered to you by certain railroad companies doing business at those outports? A. Yes, sir.

Q. What railroads were those, in the case of Newport News; it was a railroad that had the terminal there? A. The railroads had markets where we shipped.

Q. Were such conditions ever offered to you by railroads at ports other than Newport News? A. Unless it is necessary, I would prefer not to go into that.

Q. It is necessary. That is just what we want to find out. A. We had special inducements to handle grain through Newport News, Norfolk and Boston.

By the Chairman:

Q. Not in Philadelphia or Baltimore? A. No, sir; firms in those cities handled most of the grain there.

By Mr. Fairchild:

Q. What railroad offered you a special inducement to divert grain from New York to Boston? A. The Fitchburg.

Q. Any other road? A. They were the terminal road. We have had inducements from other roads west.

Q. What roads west? A. The West Shore with their western connection.

Q. Was the New York Central at any time the Fitchburg's western connection? A. Not so far as we have been concerned.

Q. Any other road but the Fitchburg and West Shore? A. Not that I recall.

Q. As to Norfolk and Newport News, I suppose that was the Chesapeake and Ohio Railway, was it not? A. Yes, sir.

Q. Any other road, any western connection? A. I do not recall now. It is some time since we handled grain at these out-ports. It is five or six years in some cases.

Q. Did that suggestion come to you direct from the officers of the Chesapeake and Ohio Railway Company first, or from other railway people who controlled the Chesapeake and Ohio? A. They came from the officers of the road. They would come to us, for instance like this. "We want to do grain business through these various ports." Say Newport News. The Chesapeake and Ohio people would come to us and say, "We understand you are large buyers of grain in the west, the largest. We want to make Newport News a grain export place. We have an elevator there and we want you to handle some grain through there. Now, what facilities at Newport News have we got to give to get it?" We would figure out and tell them what they had to do and then we would go ahead and do it if we got what we liked, what we had to have in the way of carrying grain in their elevators for a certain number of days free, perhaps thirty days free, storage and insurance, or charging us nothing for loading the vessels. Some

inducement like that so that it would divert grain there rather than to bring it to New York.

Q. Will you state the year you first made shipments by way of Newport News? A. I cannot from recollection state the exact year. I think it was about 1888 or 1889.

Q. You would be able to tell from your books the total quantity for each year that you did ship by Newport News from the time of your first shipment to the time of your last shipment? A. Yes, sir; I could find that out.

Q. You would also be able to tell from your books the amount of your shipments the first year you shipped by way of Boston, and for each year up to and including the last year you shipped from Boston? A. I think so, if the records have been preserved in our office. It would be some work, because this is some years ago and I do not know whether we have complete records.

Mr. Fairchild—I would like to suggest, Mr. Chairman, to the Commission that it will become necessary to have those figures from McIntyre & Wardwell as to the amount of grain they shipped by the outports, Norfolk, Newport News and Boston, for each year. We want to suit the convenience of Mr. Taylor, as much as possible, as to time, and I would like to suggest that an understanding be had now with Mr. Taylor as to how long a time it would take him to make this compilation, so that we can arrange for a date for a hearing here.

Mr. Taylor—Personally, it does not make much difference to me, but my clerks have got to search the records for some years. The records are quite old and it would take several days. I would like to have you give me as much time as you can, at least a week. If you are going to sit longer than that I would like a little longer time. We are quite busy now and to go back ten or eleven years requires some days.

Mr. Fairchild—Would ten days be sufficient time?

Mr. Taylor—I think it would.

By Mr. Dykman:

Q. For all these services that the International Elevating Company renders to you, enumerating them shortly, taking charge of

the grain from the time of arrival until shipment, sampling to see that it is what you have bought and sampling from time to time, consultation as to handling, what blowing and screening and other handling is necessary to improve the quality or to increase the weight, and mixing, weighing and all certificates that they give, they charge you three-quarters of a cent a bushel? A. Yes, sir.

Q. That is their total charge for all services? A. Yes, sir.

Q. I ask you whether, in your opinion, that is a fair and moderate compensation for the service they render you? A. I think it is cheap. They used to get double that.

Q. Now, will you say what is the customary charge for commission houses handling wheat in this port? A. We will not handle any wheat for less than half a cent a bushel, corn and oats for less than a quarter of a cent.

Q. And the work you do is very much less than the work the International Elevating Company does? A. Yes, sir.

Q. Now, in your opinion, would it be for the interest of the port of New York, or against the interest of the port of New York and to the grain merchants, to have a charge of five-eighths of a cent, or even one-half a cent, for the physical work of transferring and extra charges for this extra work, or to have one flat rate of three-quarters of a cent for all services? A. I think it is a distinct advantage to have one charge.

Q. One charge of three-quarters of a cent? A. One charge of three-quarters of a cent, rather than five-eighths for physical handling, and to have extra charges for extra work.

By Mr. Fairchild:

Q. Is that what the International Elevating Company does, gives you one flat price, or so that you can tell how much is for transportation and how much for other services? A. Yes, sir. It facilitates figuring very much if you know the most you have got to pay.

Q. They never charge you one item for transportation and another item for all other services? A. I do not know how their

bills read. I have not read their printed bills. I do not know how they read. I know practically and the result is they make one charge which, as far as figuring is concerned, and as far as we are concerned, is a marked advantage.

By Mr. Dykman:

Q. That one flat charge of three-quarters of a cent a bushel enables you to buy with greater freedom? A. Yes, sir.

Q. And facilitates the grain business in the port of New York? A. Yes, sir.

By Commissioner Shayne:

Q. For how long a time have you been paying three-quarters of a cent? A. I could not say accurately.

Q. About? A. I think two years, now. Their charges have gradually come down. I think it was ten years they got a cent and a half, then they gradually reduced them to a cent and a quarter. I think it got down to a cent and an eighth and then gradually, of their own free will, reduced their charge until they charged what they are charging to-day. I think that charge has been in existence about two years, if I am not mistaken.

By Mr. Fairchild:

Q. Of the different items of service you have referred to, the handling, weighing, inspection, etc., which of those items do you consider more important, inspection as compared to weighing, inspection as compared to handling, take the whole service they perform. Which one item would you consider, if any one item is of more importance than any of the others, including the inspection certificate? A. Well, it is hard to say. They all go to make up the proper handling of grain at the port and the facility of the trade. Of course, we could, I suppose, get along without the inspection. I suppose that could be done because there was a time when there was no inspection.

Q. If you did get along without the inspection and secured the Produce Exchange inspection you could secure it for one-sixteenth of a cent? A. Yes, sir.

By Mr. Dykman:

Q. There was a time when there was no floating elevator? A. Yes, sir; there was a time when there was no floating elevator, and there was a time when there was no inspection. Of course, if you had none of those things now and other ports did you would do no business.

By Mr. Fairchild:

Q. To return to that subject about these railroads. You say you were the first ones who started business in these other ports? A. That is my belief and impression.

Q. You were followed by other firms, were you not? A. Yes, sir.

Q. Will you give the names of some of the other firms that followed you in business? A. R. W. Forbes & Sons followed us at Norfolk. I know that positively. I think that the E. B. White Grain Company, of St. Louis, also followed.

Q. R. W. Forbes & Sons are of this city? A. Yes, sir. Also the W. L. Green Commission Company, of St. Louis, at Norfolk.

Q. What other New York firms? A. I do not think any of the New York firms handled any business at Norfolk except Forbes and ourselves.

Q. How about Boston? A. There are a number of New York firms that have handled grain through there.

Q. They followed you? A. We did not start Boston; I did not say that.

Q. What other firms handled grain through Boston? A. Powers, Son & Co., Kneeland & Co., O. E. Lohrke & Co., J. P. Truesdell & Co. In fact a great many of the New York firms have handled grain and do handle grain through Boston. There are more New York firms, in my belief, that handle grain through Boston than in any other outport.

Q. At the time you were receiving special inducements from railroads to handle grain in Boston, was it your understanding that these other firms were receiving similar inducements? A. I did not ask; that was none of my business.

Q. What is your opinion? A. I do not think they were receiving any at that time. They might, or they might not.

Q. How about Forbes, as to Norfolk or Newport News? A. Forbes did not handle business there until after we had voluntarily given it up.

Q. They took your place, and probably received similar inducements? A. I cannot say as to that.

Q. Have you no opinion on that subject? A. No; it never interested me. We made up our minds to give it up.

Q. When you said Forbes & Co. followed you at Norfolk, you also included Newport News? A. They handle almost exclusively at Norfolk.

Q. Do you know of any firm that handled grain at Newport News after you left? A. The W. S. Green Commission Company and the E. B. White Grain Company, of St. Louis.

Q. Any other New York firm? A. I am not sure; I think O. E. Lohrke, but export brokers would be better informed on that point than I am.

Q. Do you understand that any firms are given special inducements to handle grain by way of Montreal? A. I have understood so.

Q. Have you understood that to be true of O. E. Lohrke? A. I inferred that.

Q. What other firms have you understood? A. H. Crowe & Co.

Q. Any other firm? A. In New York, you mean?

Q. New York firms; yes, sir. A. I cannot recall any at the moment. I think there are others, because I have heard them say they could work grain through Montreal cheaper.

Q. Where those special inducements were offered, it was something apart and in addition to the differential—that was a public matter and applied to all? A. Something outside of that altogether.

Q. The differential itself was in favor of Norfolk and against New York, so it was something in addition to that? A. Yes, sir; it was something like terminal charges, free insurance, free storage, or something outside of the differential or railroad.

By Mr. Dykman:

Q. I don't want to inquire how much those inducements were, but I would like to ask in the interest of the International Elevator Company whether a cut of one-half a cent a bushel in elevating rates would offer any inducements to railroads to divert grain away from New York? A. I don't think it would make any difference. I think the outport business has grown up because railroads running to those places have not as much miscellaneous business as the trunk lines running into New York, and a great many of them are not dividend-paying roads. The grain business is a business that can always be had. I have never known a time in my experience in the business when a railroad could not get grain if they made the rate right. That is not true, perhaps, of any other ordinary commerce, and I believe that the business of the outports has been built up by extra inducements given by the railroads to the customer in order to force the grain through their special port.

Q. When this business was being taken away from New York to these other ports by special inducements offered by those other railroads, did you ever know of any case where the New York Central or the West Shore railroads ever offered any inducements to get it for New York? A. No, sir; the New York railroads have their own rate, and they do not make these inducements. Their terminal charges are always the same. They exact the regular scale, and that is one reason why New York has decreased its percentage of business. They do not and will not do business unless they can make money. Whenever you go to them and say that grain can be handled from Galveston and other outports cheaper, they sit down and say they cannot help it, they cannot run their road at a loss.

WILLIAM REINSCHNEIDER.

WILLIAM REINSCHNEIDER, being duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. William Reinschneider.

Q. What business are you in? A. Grain importer.

Q. Are you a member of the New York Produce Exchange? A. Yes, sir.

By Mr. Dykman:

Q. Is E. Pfarrius a firm? A. It is a firm—E. Pfarrius & Co.

Q. Are you a member of that firm? A. I am interested in the firm.

Q. You are the managing man of that business now, are you not? A. Yes, sir.

Q. Is that firm a receiver or exporter? A. We are exporters, and we are receivers as it helps to do our export business.

Q. Primarily, you are exporters? A. Yes, sir.

Q. How many bushels do you export in a year, in round numbers? A. It varies. I should say between 8,000,000 and 10,000,000 a year.

Q. How much of this do you export from the port of New York? A. The greater part of it is done from New York.

Q. Do you export also from the outports? A. We buy from the outports; that is we buy through brokers, shipment from the outport c. i. f. the other side.

Q. You buy the grain, say in Boston, Baltimore or Philadelphia? A. Yes, sir; Philadelphia or Baltimore, c. i. f. the other side. Very rarely f. o. b. steamer.

Q. Will you state what proportion of the grain you ship abroad is graded grain, and what proportion is ungraded grain? A. Well, already in this year the proportion of ungraded grain is greater than it has been in any other years. I should say in this year the proportion has been 35 to 40 per cent. of ungraded grain, if not more, and I would not be sure about that.

Q. That portion of your business is done on certificates of the International Elevator Company? A. Yes, sir.

Q. Do you also have a certificate of the International Elevator Company at times for graded grain where you also have a certificate of the Produce Exchange? A. Yes, sir, we cannot get along without it. The Produce Exchange, for instance, gives a certificate for No. 2 white clipped oats. That would not be sufficient

for me. Just this year I have sold a great many oats to the other side. I have to guarantee the oats to weigh thirty-eight pounds to the bushel. Now, graded No. 2 white clipped oats in New York allows a smaller weight than thirty-eight pounds to the graded bushel, and I must, to fill a contract show a certificate of the International Elevator Company, that the oats weigh thirty-eight pounds per measured bushel. I have to have an International Elevator Company certificate besides the New York Produce Exchange certificate.

Q. I suppose that you heard the testimony of the preceding witness, Mr. Taylor? A. Yes, sir.

Q. The International Elevator Company does for you all that it does for other grain merchants in the port, does it not? A. Yes, sir, they do.

Q. That it sees that any railroad grain particularly—that there is a prompt shipment of the railroad grain from the railroad elevator along side? A. Yes, sir; saves us that work.

Q. Then it samples grain to see that it is delivered to you according to what you contracted to buy. A. Yes, sir.

Q. And it gives you samples to show you that? A. Yes, sir.

Q. And it also gives you samples to show you that what you are sending abroad is what you contracted to sell? A. Yes, sir.

Q. You consult with their experts, I assume, as other merchants do, as to what handling is necessary? A. Yes, sir.

Q. And you intrust to them the handling? A. Yes, sir.

Q. And the mixing? A. Everything that is necessary in the handling of the grain.

Q. Now, for all this work you are charged three-fourths of a cent per bushel? A. Yes, sir.

Q. And no expert charge? A. No, sir.

Q. I ask you, if in your opinion, that charge is a fair and reasonable compensation for the work that is done for you? A. Yes, sir, I think it is.

Q. In your opinion, do you think it would be to the advantage of other merchants, or to the advantage of the port of New York, to have one rate of five-eighths of a cent for transferring and

extra charges for these extra services, or a flat rate of three-fourths of a cent for everything? A. The flat rate of three-fourths of a cent is much simpler for us.

By Mr. Fairchild:

Q. You say you are a member of the firm of E. Pfarrius & Co.?

A. Yes, sir, I said I was interested.

Q. That is the same gentleman that is a director of the International Elevator Company? A. Yes, sir, Mr. Pfarrius is a director of the International Elevator Company.

By Mr. Dykman: If you will allow me to have a place on the records, I would state that I have several other witnesses, but unless there is a conflict in the testimony, I will not produce them, if it is unnecessary, and if the Commission considers that I have introduced enough testimony of this character.

By Mr. Fairchild: I say again, that you are trying to establish a certain case, and you are the best judge of saying when you have established it. I should say that when you have placed three witnesses on the stand and their testimony is not combatted, it should meet with your approval.

WILLIAM S. LIMOND.

WILLIAM S. LIMOND, being duly sworn, testified as follows:

By Mr. Dykman:

Q. You are in the employ of the International Elevator Company? A. Yes, sir.

Q. And you have charge of all its elevators, have you not? A. Everything afloat outside of the office.

Q. You have charge of all those elevators and everything they own ever since the company was organized? A. Yes, sir, and before that.

Q. And before that company was organized, you held a corresponding position with Annin & Company? A. Yes, sir, altogether thirty years.

Q. Do you remember the formation of the International Elevator Company? A. Yes, sir.

Q. And do you remember what part you played in the valua-

tion of the elevators that were put into the International Elevator Company? A. Yes, sir; I was one of the appraisers.

Q. Those boats were all appraised, were they not? A. Yes, sir.

Q. And that appraisal was made by you and your fellow appraisers? A. Yes, sir.

Q. Did you know all of those boats at that time? A. Every one.

Q. I ask you if all those boats were fairly worth, as elevators and for the purpose of doing an elevating business, the prices at which they were put into the Elevating Company? A. They were.

Q. Namely, the America at \$25,000, the Antwerp at \$50,000, the Bolivia at \$33,000, the Continental at \$28,000, the Ceres at \$70,000, the Eldredge at \$28,000, the Egypt at \$33,000, the Excelsior at \$33,000, the International at \$33,000, the London at \$25,000, the Manhattan at \$28,000, the Metropolitan at \$25,000, the Mildred at \$60,000, the New York at \$60,000, the Renovator at \$55,000, the Russia at \$26,000, the Republic at \$66,000, the Summer-set at \$30,000, and the Union at \$20,000? A. We valued them all as shown.

Q. Ready for work? A. Every boat was ready to work and in good repair. We had repaired them two years previous to that. They had been laid up, a number of the boats seven years, and in 1889, we commenced to get them ready to go into commission. I overhauled them all.

Q. Every one of them? A. Every one of them.

Q. To fit them for business? A. Yes, sir. There was a question as to whether some of the boats was ever to be used. They had been laid up so long. I was in favor of breaking some of them up, but Mr. Annin was opposed to that and said we would see the day when they would all be worked.

Q. And the decision of the firm was to put them all in order? A. Yes, sir.

Q. And they were put in order? A. Yes, sir.

Q. And on June 15, 1891, when this company was organized, they were all in order and ready for work? A. Yes, sir.

Q. I ask you about the five elevators that were taken over from Mr. Puffer's Company, the New York Floating Elevator Company, namely, the Hudson, the Havre, the Liverpool, the Albany and the Oswego; what were those boats worth? A. We put them in at a small depreciation under their cost. They cost over \$40,000 a piece.

By Mr. Fairchild:

Q. What were they worth? A. I do not remember the figures. We put a depreciation on them.

By Mr. Dykman:

Q. Did you also value two elevators which Mr. Milton Knapp put in? A. I did not value those, no, sir. They were valued outside.

Q. Did you happen to know at that time if Mr. Milton Knapp was doing a very large business? A. They were doing a good business.

Q. You remember the time when the H. D. McCord boats were bought in? A. Yes.

Q. Those were larger boats? A. They were something to beat us. That was what they were built for.

Q. They could be used? A. Yes, sir; they were modern boats, built up to date. Of course, all our boats were built some years previous.

Q. They were boats with double the capacity of your boats? A. Yes, sir.

Q. And now the McCord boats had a capacity of ten thousand bushels per hour? A. Yes, sir.

Q. And your boats had a capacity of but five thousand bushels per hour? A. Yes, sir.

Q. When you brought these two boats of McCord's into the business alongside of your own boats of half the capacity, what happened? A. The steamers insisted upon having those boats and would not have the others.

Q. They insisted upon having elevators of ten thousand bushels

capacity? A. Ten thousand bushels, so they could elevate higher.

Q. The result of that was to exclude a number of your boats?
A. Put our boats a way down at once.

Q. Then you had to make changes in your fleet? A. Yes, we had to begin to raise all that it was possible to raise, all that would stand it. I would like to state that when we found out that these boats were antiquated, we began to look for a market for some of the elevators rather than break them up, for in such cases they bring practically nothing. Their machinery is simply scrap iron and their hulls are fit for nothing else. They were built in a peculiar manner for this business. We began to look for another market outside of New York for these boats.

By Commissioner Shayne:

Q. Are you connected with the International Elevator Company? A. I am the superintendent. I have charge of all construction, repairs, and such matters.

By Mr. Dykman:

Q. The International Company was the name used by Annin & Company, even before it was a corporation, was it not? A. The International Elevating Association since 1864, I think.

Q. And the certificates they sent abroad were certificates of that name? A. Yes, sir.

Q. So that the "International" on certificates of inspection, etc., have been going since the sixties? A. Yes, sir, I think since 1864.

Q. It really antedates the New York Produce Exchange inspection? A. Yes, sir.

Q. A business was done in this port on the certificates of the International Elevating Association before any inspection was given by the New York Produce Exchange? A. Yes, sir; before it was organized.

Q. Now, I ask you as to the life of an elevator, the depreciation of an elevator? A. It would cost 8 per cent. of the cost of the elevator every year for ordinary maintenance, the necessary re-

placing of hulls, boilers, etc. The life of a boiler; the very limit in such craft as ours, running under such conditions, is twelve years.

Q. Do these boats wear out with special rapidity? A. The hull of a wooden boat will not last exceeding twelve years without rebuilding. The tower will, at the end of twelve years, require rebuilding entirely. Our belts depreciate at the rate of 50 per cent. They will not run exceeding two years. When we get over two years from a belt, it is a very good belt. Our sheet iron work, all our spouting is lined inside with sheet iron, and when we are handling large quantities of corn, it will last six months under ordinary conditions, twelve months at the limit. All that sheet iron work has got to be taken out and replaced, which is very expensive. To put an elevator at work now, and run her as some people do in this business, and do as little as possible in the way of repairs, patching up, etc., at the end of ten years you have nothing left.

Q. Then the repairs are 8 per cent. and the depreciation you would put at 10 per cent? A. Yes, sir; you cannot figure anything less, take it right through.

Q. And that explains the other testimony given, as to the cause of breaking up of elevators from time to time and building other elevators. A. Yes, sir.

Q. And that is true even at the present day? A. Yes, sir.

Q. You are now building, you have under contract and under construction modern elevators? A. Yes, sir; one of the keels has been laid this week, and one will be laid later. We have had hard work to find anybody to build them. Everybody is very busy, especially in the iron work.

Q. Will you state as to the difficulties in the way of delivering grain alongside a steamship of the present day with one of the old elevators, to compare with the new elevators? A. The old boats were built for a delivery of from thirty-seven to forty feet from the water. The hulls were built to carry that power, and the capacity of the elevator was limited to about thirty-five hundred bushels per hour; then they began to build them to 4,000

bushels per hour, and up to 5,000 per hour, and the 5,000 per hour was a great elevator until the building of the 10,000 per hour elevator; that of course upset all our calculations on that class of boats. Then the ships began to increase in size, and from the delivery of these 40-foot, which was our limit, they gradually came up to 42, 43, 45 and 50 feet, and the last boats we built have got a delivery height of 70 feet. Their towers are 70 feet from the deck to the top, and those towers require, of course, a much larger hull. We have now one boat, the "International," the banner boat of this whole concern; she is a good elevator, has a good boiler, a good propeller, has good engines, good elevating engine, good condenser, good pumps, a good tower, and good elevating machinery up to a capacity of 5,000 bushels per hour. We have managed to get her up to 50 feet by having skeleton iron work on top of the tower. Now, she has reached her limit. We cannot go any further. That is the pioneer boat. That boat has been rebuilt three times, and, is, as I say, alive and well to-day, provided there was business that she could do. The trouble with her is, with all our small boats, they have to select certain work that she can do. She cannot do the work on the Hamburg Line, the Bremen Line, on the White Star Line, or on the Atlantic Transport Line, except when they are partially loaded.

Q. The future of this business, from all you can see to-day, requires a fleet of steel boats with these high towers? A. Fully equal, if not higher than what we have got now.

Q. That is what confronts this company, or any other company to do the business of this port? A. Yes, sir; and not only here. They have found it so in Philadelphia. They commenced last year to build high elevators in Philadelphia.

By Mr. Fairchild:

Q. What did you say was the life of a boat in your estimation? A. The life of a wooden boat in our business is twelve years, without complete rebuilding and renovating all through.

Q. That would be the total life of the boat? A. I consider it such.

Q. How was the "Union" in 1891? A. The "Union" was an old boat. She had been rebuilt and rebuilt, and rebuilt many times. She cost, I suppose, a hundred thousand, the money spent on her in construction and reconstruction.

Q. How old was she? A. I don't remember how old she was.

Q. Was she twenty-five years old? A. Portions of her might have been; portions of the hull might have been twenty-five years old.

Q. And some might have been a little more than twenty-five years old? A. Portions of her were not a year old. She was rebuilt and put up as long as she kept in modern condition, just before our people got her.

Q. You mean just before consolidation? A. Just before she came into our office.

Q. What do you mean by our office, Annin & Co., or the International Elevator Company? A. Into the company, the consolidated company.

Q. But during all these years she was owned by Annin & Co.? A. No, sir; by other parties. She was not one of the Annin boats.

Q. How long had she been controlled by Annin & Co. up to the time of consolidation? A. I cannot state exactly when she came into the employ, whether it was before the consolidation or after.

Q. You know she was one of the boats turned over at the consolidation by Annin & Co.? A. Then she was in our employ a very short time.

Q. Then you know that she was one of the boats that was turned over. A. I do not remember whether she was turned over to us or some other firm.

Q. Don't you know whether you did appraise her? A. I don't know; she was not one of the Annin boats.

Q. When you said you appraised all of the Annin boats, you did not include the "Union" in that list? A. She was not an Annin boat at that time. Our boats are the boats that Mr. Dykman read off.

Q. Do you recall the "Union" having been used at all? A. After she came into our business?

Q. Yes, sir. A. I don't think she ran after that.

Q. Do you recall what was done with the "Union"? A. The "Union" sunk, I think, before we put her at work.

Q. She sunk June 13, 1893, didn't she? A. I don't remember that.

Q. She sunk about two years after the consolidation; is not that your recollection? A. I think it was sooner than that after the consolidation.

Q. At any rate, from the time of the consolidation to the time that she was sunk, the consolidated company found no use for her? A. She sunk in Brooklyn in a heavy gale of wind. I think she caught on the dock. The rising tide caught her on the dock and she capsized.

Q. From the time of the consolidation, from the time of the purchase of the "Union" for \$20,000 to the time she sunk, the consolidated company had no use for her? A. I don't remember that.

Q. You remember she was not used? A. I could not say now whether she was used or not. I cannot say whether she elevated any grain or not.

Q. Now, you appraised the London? A. Yes, sir; the London was a good boat of her class.

Q. She was good for chopping up, wasn't she? A. She was a good boat, and a famous boat for narrow slips. She was one of our handiest boats.

Q. She was one of the Annin boats? A. Yes, sir; she was a boat with a very narrow hull, and could go into narrow slips.

Q. Don't you know that the London was not used by Annin & Co. subsequent to February 22, 1884? A. She was used in our employ prior to that. After the formation of the company I don't remember whether she ran in our employ.

Q. Don't you know she was not used for elevating grain subsequent to February 22, 1884? A. She was one of the boats that laid idle for want of business for six or seven years. There were seven or eight boats that laid idle and did nothing for seven or eight years.

Q. You know that the International Elevator Company, after its organization, never used her? A. They had no use for her.

Q. And in that instance you knew that the International Elevator Company paid \$25,000 for the boat, for which the International Elevator Company had no use, and which the International Elevator Company, about sixteen months after the consolidation chopped up? A. She was one of the boats that the owners of those elevators had nothing for her to do for seven or eight years. She was one of those boats, and the boats were brought out one at a time. She was one of the small boats, one of the smallest hulls, so consequently she could not be raised as the other boats were. We could not raise her because her hull was too small.

Q. Is that the reason that she was dismantled and broken up and the hull sold for \$500? A. Yes, sir; and the hull went to Boston. It was a good hull, good enough to go to Boston, besides with a load of coal.

Q. The boat cost \$25,000? A. Yes, sir.

Q. That was all that they received from the London in dismantling her and breaking her up, \$500? A. Oh! No. The London's boiler was utilized, and the engine was used.

Q. Utilized by whom? A. In other boats of our own. Every boat that we break up, we use all we can on our other boats. Anything that we can use, we keep; anything else we dispose of.

Q. You know it to be a fact that the London, for which the International Elevator Company paid \$25,000, was not used subsequent to its purchase at all, and sixteen months afterwards was sold for \$500? A. She was sold when she was broken up for \$500. At that, she was an elevator, and ready to go to work at any time with twenty-four hours' notice, up to the time I had instructions to break her up.

Q. You know, do you not, as a matter of fact, that the London was never used by the International Elevating Company? A. That I do not know without looking up dates. I know the London was one of the boats that was laid up for some seven years. I know she was put in order with the rest of the boats. I know

she was not run because the time came when she could not be used. The ships were too large and the large elevators were the only ones used, consequently it was useless to put a crew on her.

Q. Were the ships too large on June 15, 1891? A. Too large for that boat?

Q. Yes, sir. A. There were ships she could work, but we had already elevators of that class more than we had ships of that class.

Q. Was that when the International Elevator Company purchased all these boats; they purchased a large number of boats, that were too small for use on the ships? A. Not if the same class of ships came here.

Q. After they had purchased all these boats at the prices given here in this testimony, they found they had purchased a greater number of boats than they had use for on ships of that class? A. They did at that time. That was their business, not mine.

Q. It was because they had no use for these boats on ships of that class, or no use for so many of these boats for ships of that class that quite a number of these smaller boats were broken up? A. We had to build larger boats in order to do the work, and these smaller ones were of no use.

Q. It was because the International Elevator Company found itself possessed of a larger number of these small boats than they had use for, because of the larger size of vessel, that subsequent to their purchase they were dismantled and broken up, and the parts sold for whatever they could get? A. To save expense; yes, sir.

Q. And nevertheless, it is your opinion that these prices of \$25,000 and \$33,000, ranging from \$20,000 to \$40,000, was a good business investment at that time for any concern just entering into the business of elevating grain? A. Yes, sir; with the expectation of having elevating to do, the boats were worth the money.

Q. If you, yourself, had started June 15, 1891, in the business of elevating grain, and were going to purchase your plant new, as the International Elevator Company did on the day of its or-

ganization, and had the capital to purchase just what you needed, would you on that day have purchased so many boats of these smaller sizes that you had no use for, and pay from \$20,000 to \$40,000 a piece for them? A. Boats large and small; good will and everything else, certainly.

Q. When you consider good will and everything, you would have taken them? A. Taken the boats as a class, and as they lie.

Q. Then you consider that when the International Elevator Company purchased so many small boats at that price, the reason that justified their doing it was the good will they acquired with them? A. The largest part of the elevators in New York are that capacity boats. Then there were very few that were larger.

Q. In your opinion, the business reason justifying the International Elevator Co. at that time in paying from \$20,000 to \$40,000 a piece for more of that size boats than they had use for was the good will which they acquired at the time they purchased them? A. I am not aware that they were aware that the boats would not be used. I was not aware at that time. We expected every one would be used, as they are at the present time, everything we have got.

Q. In your opinion, the business reason justifying the International Elevator Company in paying from \$20,000 to \$40,000 apiece for more boats than they had use for was the good will that they acquired when they bought those boats? A. That is part of the consideration. I should do it.

Q. Because of the good will you acquire? A. Yes, sir; and the boats themselves, they were already to go to work and had work. I don't know anything about their considerations. I don't know about their office business. I don't know the whys and wherefores of this company. All I know is the practical working of the boats. I know that each and every one of the boats was in good working order at the time. Each and every boat was ready with twenty-four hours' notice to put a crew on and go to work, and when they were called on every boat was

ready to work within twenty-four hours. That is the condition. I know all about that. They went to work as rapidly as called on when business increased, which it did. When we reached a certain point, certain boats did not go out. They were not fit for the work. Of course, the company came to the conclusion to break them up and I broke them up. I don't know their reason.

Q. I am asking about the boats that were never used by the International Elevator Company after consolidation, and that were broken up and sold at a small price without ever having been used; and you have answered that the reason that the International Elevator Company could not use those boats and broke them up without using them was because they had purchased a larger number of boats too small to do the business of the large ships? A. I don't know that they purchased too many of those boats. I know the reason the boats were not used.

Q. Why were they not used? A. Because there was not sufficient of that class of work that they could do. Why they purchased them I don't know.

Q. They were not used because there was not at that time enough business for that class of boat? A. That is right.

Q. And that condition of affairs existed on June 15, 1891, when they purchased the boats? A. It existed when they were broken up; that is all I know.

Q. Didn't that condition of affairs, about which you have testified—a larger size of vessels—exist on June 15, 1891? A. I don't know—I don't remember. You are going back too far. I don't remember when the changes occurred—what date—I would not state.

By Commissioner Shayne:

Q. Did you pass on the value of the boats when purchased? A. Yes, sir; and saw that the elevators were in working order and condition, which they were. I have nothing to do with the business in the office. I don't know why they did not get business or anything else. My part is the maintenance, construction and repairs.

By Mr. Fairchild:

Q. I will ask the question again that I asked you a little while ago: With your knowledge of the condition of the business at that time, and the size of vessels, would you, if you yourself had been entering into the business of elevating grain, have purchased at a price from \$20,000 to \$40,000 apiece boats that your business judgment would have taught you you would have no use for? A. Our judgment did not work that way at that time. I say at that time we expected and thought the boats were good, and we valued them as good, useful elevators.

Q. Each one itself was a good, useful elevator? A. Yes, sir.

Q. For a certain size of boat? A. That was not taken into consideration in those days.

Q. Don't you realize that you have already testified that at that time vessels were larger and so many boats could not be used? A. Some of the boats were larger.

Q. Don't you realize that you have testified that you had a larger number of those small boats than you had use for? A. I supposed that was the reason they were laid up. If they had been of use, they would probably have been running.

Q. If they had had use for them, they probably would not have broken them up and sold for \$500 that which they paid \$25,000 for? A. Hardly.

Q. The only reason for their buying so many boats was the good-will they acquired with them? A. I don't know anything about that. I know what I would do. As I understand you, you ask me if I thought, and if I would do it under such and such circumstances, and I said I would. I don't know what they would do.

Q. With your knowledge of the situation at that time, so far as your judgment goes, you would not have purchased those boats at those prices—so many of them—except because of the good-will you would have received with them? A. Under the conditions at that time, as near as I can remember, I would have done just what they did.

Q. You would have taken them for the good-will? A. I would have taken them for business considerations.

Q. You would have taken into consideration all of the business considerations, good-will and everything? A. Yes, sir; that is the way I would look at it.

L. B. HOWE (recalled).

L. B. HOWE, recalled, testified as follows:

By Mr. Dykman:

Q. Will you produce here the record book of the Produce Exchange directors, showing what action they took upon the report of the committee of the grain trade? A. It is the record of a meeting of the board of managers.

Q. What date is that? A. June 18, 1888.

Q. Will you kindly read those minutes? A. Yes, sir.

(Witness reads.)

NEW YORK, June 18, 1888.

A special meeting of the board of managers of the Produce Exchange was held this day in the manager's room, at 2.30 o'clock p. m. Messrs. Brown, Burlse, Clausen, Dare, Dougherty, King, Percival, Romer, Sumner, Thomas, Weir and White were present, the vice-president in the chair.

A report of a meeting of the grain trade, held June 18, 1888, was also read and received, together with the following amendment to the grain rules adopted at that meeting, viz.:

REPORT.

NEW YORK, June 15, 1888.

To the Members of the Grain Trade:

Gentlemen.—The following proposition as to the charges on grain was considered and accepted by the joint committee of grain receivers, exporters and steamship agents, at a conference held June 14, 1888, with the elevator and warehousemen, and is recommended to the trade for adoption, viz.:

Charges—Grain Afloat.

Receiving, weighing and discharging ($\frac{5}{8}$ c.), per 1,000..	\$6 25
Canal boat trimming, per 1,000.....	1 50
Trimming (ocean vessels), per 1,000.....	2 00
Transportation of elevator ($\frac{1}{2}$ c.), per bushel, per 1,000..	5 00
Total charges (per 1,000).....	<u>\$14 75</u>

Charges—Grain in Store.

Receiving, weighing and discharging, including 10 days' storage ($\frac{5}{8}$ c. per bushel), per 1,000.....	\$6 25
Canal boat trimming, per 1,000.....	1 50
Trimming (ocean vessels), per 1,000.....	2 00
Extra storage ($\frac{1}{2}$ c. per bushel), per 1,000.....	5 00
Total charges (per 1,000).....	<u>\$14 75</u>

To carry into effect the above proposition, the grain rules should be amended as follows:

Amend rule 26 of the grain rules by striking out the first sentence thereof and inserting the following: "On all deliveries of grain, afloat or in store, buyers shall incur one-half of the customary expenses of receiving, weighing and discharging ($\frac{5}{8}$ c. per bushel). On all deliveries of grain from store into ocean-bound vessels, an extra charge of storage of one-half cent per bushel shall be incurred. On sales of grain afloat, to be delivered into ocean-bound vessels, buyers shall pay one-half cent per bushel transportation of elevator, which shall be collected by seller."

HENRY T. KNEELAND,

Chairman.

DAVID BINGHAM,

F. W. J. HURST,

FRANKLIN QUINBY,

HENRY L. WARDWELL,

FREDERICK WEBER,

FRED V. DARE,

Special Committee.

Mr. Kneeland, chairman of the special committee, read the report, as above, and presented some remarks in explanation thereof.

On motion, the report was received and unanimously adopted.

On motion, adjourned.

THOS. LEE GILL,
Secretary.

T. A. BEALL,
Stenographer.

Q. The last resolution you have read is the result of the board of managers of the Produce Exchange approving the amendments? A. Yes, sir.

By Commissioner Shayne:

Q. What is the object in producing this evidence?

Mr. Dykman—To show that the rate of one and one-eighth cents per bushel was fixed first between the elevator men and the grain trade and then approved by the board of managers of the Produce Exchange.

Commission adjourned, subject to the call of the chairman.

APPENDIX IV.

APPENDIX IV.

A meeting of the New York Commerce Commission was this day, September 24, 1899, held in Parlor H of the Iroquois Hotel, in the city of Buffalo, N. Y.

Present: Hon. A. R. Smith, secretary; Hon. Ben L. Fairchild, counsel.

Commissioner Smith, officiating, at one o'clock p. m. directed that the taking of testimony proceed.

E. W. EAMES.

Mr. E. W. Eames, subpoenaed as a witness to produce the accounts of the Elevator Electric, appeared and stated that it would facilitate the work of the Commission as well as his own work if he were given an opportunity to compile the figures from the elevator books, and agreed that he would make such compilation, and would furnish it to the Commission by Tuesday morning. Thereupon Mr. Eames was excused, and directed to appear without further notice on Tuesday, September 26, 1899, at 10 o'clock in the forenoon, at the same place.

PHILO G. COOK (recalled).

Mr. Philo G. Cook, subpoenaed as a witness to produce the accounts of the Elevator Exchange, appeared and stated that it would facilitate the work of the Commission as well as his own work if he were given an opportunity to compile the figures desired from the elevator books, and agreed that he would make such compilation, and would furnish it to the Commission by Tuesday morning. Thereupon Mr. Cook was excused and directed to appear without further notice on Tuesday morning, September 26, 1899, at 10 o'clock, at the same place.

GEORGE F. SOWERBY.

Mr. GEORGE F. SOWERBY, being duly sworn by the commissioner, testified as follows:

By the Commissioner:

Q. What is your full name? A. George F. Sowerby.

By Mr. Fairchild:

Q. And your address? Where do you live? A. One hundred and twelve Fargo avenue, Buffalo.

Q. What is your business? A. I work for the people who own the Niagara elevator.

Q. Those elevators are Niagara "A," "B" and "C"? A. Yes, sir.

Q. Who are the people who own them? A. Really I cannot tell you. I can give some of the names, but not the whole of them. I do not know them.

Q. You can tell generally who the owners are? A. There is a lady by the name of Naomi Van Bokklen, who owns an interest in it. Thomas Sowerby owns an interest in it; also John Sowerby, John Austin, Lyman Johnson, Charles Johnson and children. I do not know how many children he has got that are interested in it—three or four. Then there is Harriett Tallman, George Wright, Alice Wright and Fletcher Wright.

Q. Is it a stock company? A. No, sir.

Q. What is it; an estate? A. Yes, sir, an estate, left to these heirs, and the principals have been dying off and leaving it to their heirs, and it is a mixed concern.

Q. Who manages the elevators? A. I have tried to, under their direction.

Q. For how long a period? A. For fifteen years.

Q. To take charge of the expenses of operating the elevators? A. Yes, sir.

Q. And receive profits? A. Yes, sir.

Q. And have paid dividends over to those who are interested according to their interest? A. Yes, sir.

Q. Are you familiar with the construction of the elevators, and have you been for a long time? A. No, sir, I do not know anything about it. I have not been in an elevator in almost a year.

Q. Have you any knowledge as to the value of the land upon which these elevators are constructed? A. Well, I could not give you figures upon that. I know land is very expensive where these elevators are. We were offered at one time as high as \$4,000 a foot for a certain amount of the land which was to be used for certain purposes, but we would not sell.

Q. How much land have you? A. About 600 feet.

Q. How much land is necessarily occupied by the elevators? A. The whole of it. That is so that we can get our tracks in. You have got to have more room there than just where the elevator stands for dockage and track room.

Q. Do you know the assessed valuation of the land? A. I could not give it to you just now. They have been cutting it down for years. It is a good deal less than it used to be, but I cannot tell you exactly what it is.

Q. You can get those figures? A. Yes, sir.

Q. Could you have them here by to-morrow morning? A. Yes, sir. The amount of land we have is not just 600 feet; it is in that neighborhood.

Q. What would you say is the estimated value of the whole piece, of the entire piece? A. Well, I could not say. I can tell you what we have always figured it was worth; that is, from the time we took it we always claimed that the property was worth \$1,500,000. That is what they claimed it was worth when they took hold of it. It is not worth that to-day.

Q. That is including the elevators? A. The elevators and land.

Q. And when they place that value upon it they include, I suppose, in that value the value of the property operated as elevators and the profits that are in that operation? A. That is what put the price on it as I understand it. But this is something I do not know. I only have understood from a great many people that the party who owned that elevator before his death

said he would not take that for it. He had refused that amount for it, and would refuse to take that amount at that time.

Q. I suppose the offer of \$4,000 a foot that was made to you, was made by parties who wished that small piece for a special purpose which induced them to offer that amount? A. Yes, sir. It was not worth it.

Q. You have no knowledge as to the cost of constructing the elevators, or how much it would cost to duplicate them? A. I have not, no sir. I am not posted on that at all.

Q. Can you give the total expense of operating the elevators for the period commencing April 1, 1899, down to and including July 31, 1899? A. Yes, sir, I can.

Q. Can you have those figures here to-morrow morning at ten o'clock? A. I think so. I can get them in a few minutes, if you have got to have them. Our trial balance, we take one off each month, shows just exactly how the thing stands every month.

Q. The trial balance would show the receipts as well as the expenses of operation of the elevator? A. Yes, sir.

Q. Can you state how many men are employed in operating the elevator? A. Oh, it varies.

Q. The average number? A. Through the winter we carry from twenty-five to twenty-eight men.

Q. And during the summer? A. During the summer, including our shovellers, we have sometimes as high as two hundred.

Q. Have you any source of income from the elevators other than the amounts that are paid to you by the pool? A. Yes, sir, a little; not much.

Q. What are the items that make that up? A. It is for loading cars running to side bins and delivering grain.

Q. And the use of steam shovels? A. No, sir; that goes into the pool.

Q. Can you also give the amount of dividends that you have paid to the owners, and the date of each payment subsequent to April 1, 1899? A. Yes, sir. I can give you that in a great deal better shape if I can give to you how much is paid to them each year. By taking this from the trial balance at the end of the year it would be much less work to give it to you.

Q. Now, we have already on the record the amount paid to you by the pool for the period from April 1, 1899, to July 31, 1899, inclusive, and we wish the total receipts from all other sources and the items that entered into the opposite side of the account for the same period, showing the profit of the elevators in that period? A. I think that the person you want is our bookkeeper with his trial balances. I do not understand bookkeeping at all.

Q. We want to ascertain the profit derived from operation of the elevators for that period? A. Our bookkeeper can give you that a great deal easier and eight times quicker.

Q. Will you have that done and have it furnished here either by yourself or by your bookkeeper to-morrow morning at ten o'clock? A. Yes, sir.

Q. Are these the only elevators that you represent? A. We have a little interest in another which I do not represent.

Q. What elevator is that? A. The Brown.

Q. Have you at any time represented the Brown elevator? A. Yes, sir.

Q. When did you represent the Brown elevator? A. For a number of years up to this year.

Q. Is the Brown elevator in the pool? A. No, sir.

Q. Was it ever in the pool? A. Yes, sir.

Q. For what period of time was it in the pool? A. It has always been in the pool up to last year.

Q. And it has not been in the pool at all during this year? A. No, sir; nor last year either.

Q. There was no pool last year was there? A. There was what we called a pool. It did not take in all the elevators.

Q. Was any effort made by any one to have the Brown elevator included in the pool this year? A. Sure. The people who owned it wanted it in there.

Q. How much of an interest have you in the Brown elevator? A. I have not anything myself.

Q. How much of an interest do you represent in the Brown elevator? A. Those people that I represent in the Niagara elevators own a third of the Brown elevator.

Q. As to the Brown elevator, you represent them, as well as the Niagara elevators "A," "B" and "C"? A. Yes, sir: I represent them.

Q. What parties endeavored to secure the inclusion of the Brown elevator in the pool this year? A. Mr. Van Schoonhoven, a man who owns a third of it.

Q. Anyone else? A. I suppose that the other interest did. We were interested in having it in there, but they could not agree somehow or other and it was not put in.

Q. Did you ever endeavor to get the Brown elevator put in the pool? A. No, sir.

By Commissioner Smith:

Q. Who could not agree? A. The people, on the amount that they should have.

Q. You mean the representatives of the pool or the owners of the elevator? A. Both; it takes two to make a bargain, and they could not agree between themselves.

By Mr. Fairchild:

Q. What is the official name of this pool? A. Western Elevating Association.

Q. Are you one of the officers in that association? A. I believe so.

Q. What is your position in the association? A. President.

Q. What body decided the question as to what elevators should be included in the association and what elevators should not? A. It is a mutual concern. There is nobody that decides any such thing as that. It is a mutual agreement between different men.

Q. Isn't there a committee that has charge of it? A. There is a committee that generally figures on such things and submits them. There is no body of men that control that and say what elevators shall come in and what shall not.

Q. If a majority of the executive committee should decide to include an elevator in the pool wouldn't that be sufficient? A. No, sir; the outside party, the one who owned it, would be the first one to be consulted.

Q. Suppose it was upon the application of the outside party?

A. If they agreed they could put it in the pool. It would be submitted to the executive committee and, of course, a majority rules.

Q. You are a member of that committee I suppose? A. No, I am not.

Q. By reason of your office as president? A. I am an ex officio member.

Q. Was it to that executive committee that the application was made by the third interest to which you referred? A. No; they did not make any application to me or to that body in particular. They were anxious to come into the association.

Q. To whom did they make the request? A. I think that there were a number, eight or nine different elevators, on the outside that got together and made a request to the committee of control; made their demands I would say; they did not make any request; they made demands.

By Commissioner Smith:

Q. Did they make it through some one person whom they selected to represent them? A. Yes, sir.

Q. Who was that person? A. Mr. Mann.

Q. You know his initials? A. His name is John.

By Mr. Fairchild:

Q. What elevator does he represent? A. He represents a floating elevator here; I cannot tell you the name.

Q. He represents no stationary elevator? A. No, sir.

Q. That request was made of the committee of control? A. Yes, sir.

Q. Is that the same as the executive committee? A. No, sir; it is an inside committee, a committee selected from that committee.

Q. Are you a member of that committee of control? A. Yes, sir.

Q. How many members are there in that committee of control? A. Three.

Q. You are one of the three? A. Yes, sir.

Q. And did you unite with the other two in determining not to include the Brown elevator in the pool? A. I did, sir.

Q. I do not suppose you have the accounts of the Brown elevator showing the expense of running that elevator? A. It does not run.

By Commissioner Smith:

Q. What was the point of disagreement between the representatives of the Brown elevator and the committee of control? A. Why, they asked too much. We could not afford to give them any such figures as they demanded.

Q. So nothing was given them? A. Nothing was given them; they demanded so much.

Q. Was it so of the other elevators that are not members of the pool and who were represented by Mr. Mann? A. Yes, sir.

By Mr. Fairchild:

Q. Was there any effort made to compromise upon the demand they made? A. No, sir.

Q. Was there any disposition upon the part of the committee of control to admit them into the pool upon any terms whatever? A. They would have been admitted to the pool probably, if they had been reasonable and we could have afforded to take them in.

By Commissioner Smith:

Q. Approximately what was the amount of the demand of the Brown elevator? A. I do not know that; I have never stopped to figure it out. I do not know what the Brown elevator was to have.

Q. You do not know what their demand was? A. No, sir; I do not know what the Brown elevator's demand was. I never asked the question.

Q. You recall what the demand was of the elevators Mr. Mann represented? A. I know the demand of the Mann elevators, which he represented.

Q. What was that, if you recall it? A. Thirty thousand dollars.

Q. United they desired \$30,000? A. Yes, sir; from the 1st of October only. They never tried to get into the pool until that time.

Q. The 1st of October of last year? A. This.

Q. It is recently then they have made this demand? A. Yes, sir.

Q. How recently? A. Just before the 1st of September.

Q. Was that for the balance of this year that they wanted \$30,000? A. Yes, sir.

Q. What was the occasion of their making this demand, if you know? A. They wanted to get some money.

Q. There was no glut in the port in the matter of accommodating traffic or anything of that kind, which they thought would justify them in being put into operation again? A. No, sir; they did not want to work.

Q. They just wanted the \$30,000? A. Yes, sir.

Q. Did they offer any alternative proposition after this was denied? A. No, sir.

By Mr. Fairchild:

Q. Mr. Sowerby, will you include in the figures to be furnished to-morrow at 10 o'clock, the items making up the total receipts, so as to show how much you received for screening and blowing, where you furnished that accommodation? A. That all shows in our trial balances.

Q. It is itemized that way? A. Yes, sir. Our bookkeeper can tell you that as fast as you can ask him the questions.

The Commissioner.—You are excused now, Mr. Sowerby, until to-morrow morning at 10 o'clock.

Mr. Sowerby.—Shall I bring my bookkeeper to-morrow morning, Mr. A. D. Adams?

The Commissioner.—Yes, sir.

Mr. Sowerby.—If he comes it will be impossible for me to come as there are only two of us in the office and one of us will have to stay there,

The Commissioner.—It will not be necessary for you to come if you will send him. You will see that he is here?

Mr. Sowerby.—Yes, sir.

SPENCER KELLOGG.

SPENCER KELLOGG, sworn by the commissioner, testified as follows:

By the Commissioner:

Q. What is your full name? A. Spencer Kellogg.

By Mr. Fairchild:

Q. Where is your residence? A. Two hundred and eleven Summer street.

Q. What is your business? A. Manufacturer of linseed oil and elevator business.

Q. The elevator business? A. Yes, sir.

Q. An elevator here in Buffalo? A. Yes, sir.

Q. The one known as the Kellogg elevator? A. Yes, sir.

Q. Can you give the cost of constructing the elevator, including the total value of the property as it now stands, and also the operating expenses from the first of April, 1899, down to and including July 31st, 1899? A. I can.

Q. Have you those figures with you? A. I have not just at present, but I expect to have them soon. I got the subpoena about a quarter to twelve and just had time to get my lunch and be up here. I told the bookkeeper to make up a statement. I do not know whether he will start it for April or not. I told him to give me the receipts and disbursements for the time covered by this subpoena. You might go along a little while and I think he will be here.

Q. You think it will not take him long to compile that information? A. I know it is only a matter of fifteen or twenty minutes when he will have them here.

Mr. Kellogg was then excused until such time as he could produce the information desired.

HENRY D. WATERS.

HENRY D. WATERS, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. You are manager of the elevator known as the Export elevator? A. Yes, sir.

Q. Did you bring with you the accounts called for by this subpoena? A. No, sir, I did not. This is simply a local office of the Export Elevator Company. The general books and accounts are kept in Chicago. Each day we send them a list of our receipts and disbursements, and they keep the whole information up there in Chicago. They keep the general books, the stock books and dividend books and everything up there. If there is anything that I can give you that you would suggest, or anything I can testify to, I shall be very glad to do so.

Q. Is this a stock company? A. Yes, sir.

Q. What is the capitalization? A. Twenty-five thousand dollars, I think. I am not positive about it. It is capitalized in the State of New York.

Q. Would you be able to furnish here the items making up the total cost of the elevator? A. I could not, as a whole, no, sir. There are a great many items that were paid direct from Chicago that I do not know anything about.

Q. Could you approximately? A. I could only give you what I paid here. I could not approximate what they paid in Chicago.

Q. When was the elevator constructed. A. In 1897.

Q. Can you give the value or cost of the land upon which it stands? A. It is upon leased land. It is leased from the Buffalo Creek Railroad.

Q. You lease it from the Buffalo Creek Railroad? A. Yes, sir.

Q. Then your items of fixed charges would be the amount of that lease, the amounts required to be paid by you? A. Yes, sir, I presume I can tell you a good many of the items you want to know.

Q. Would you be able to give the figures showing the total cost, by items such as you would keep them, for operating the elevator from April 1, 1899, to July 31, 1899? A. I can give you the cost of operating the elevator here. Any extra expense that they pay up in Chicago I cannot give you. I can give you the items here.

Q. Would there be any operating expenses that they would pay there that you would not have? A. I do not know as you would call them operating expenses. There might be some items of machinery. The machinery was all ordered from Chicago, and whenever it breaks down we order it from there, from the same manufacturer who made it, and some of these items I might not be able to give you. The matter of the salaries of the general office, that does not come into my books here. Anything we keep here is simply temporarily. We send a memorandum each day of all our receipts and disbursements to Chicago and they keep the general books up there, so that I am unable to give you the total general figures. What I can give you I will give you with pleasure. The only question is whether it would not be imperfect and misleading.

Q. You could give it for that period? A. Anything we have paid out here.

Q. That would include everything but some possible repairs? A. Probably. Possibly repairs and the expense of the general offices and something I do not know anything about. Whatever expense they have there I do not know anything about.

Q. We have already received the total amount of the dividend that this elevator has received from the pool for the period from April 1, 1899, to and including July 31, 1899. We want the opposite side of that account, as to operating expenses and for the purpose of ascertaining what the profits would be; we would like, as near as you can give us, the amount of capital invested in the plant. A. I cannot give you that because I do not know how much the total cost of the elevator was.

Q. As I understand you, you can give that approximately? A. I can simply give you the totals of amounts I paid here, not any that they paid out in Chicago.

Q. If you will do that and add to that the amount that you paid per annum for the lease? A. You want operating expenses from April 1, 1899, to July 31, 1899, as far as I can give them, also the amount paid out, as far as my knowledge goes, for the construction of the elevator. I do not believe I can give you that either. When that elevator was constructed the books and vouchers were sent to Chicago. I can tell you now as near as I can remember. Now, what else do you want?

Q. The amount paid for the lease of the land and also, by items, the receipts from all sources other than what you receive from the Western Elevating Association for that period. A. We have no other receipts.

Q. Are there not any services you perform where the receipts do not go to the central association? Do you ever charge for screening and blowing? A. No, sir. We have no facilities for that, so that this item which I give you will be our total receipts.

By Commissioner Smith:

Q. What are the names of the officers of the company? A. H. H. Peters is president.

Q. Who is the secretary? A. George E. Marcy is secretary and treasurer.

Q. Their address is what? A. Chicago.

Q. Will Chicago reach them? A. Mr. Peters is in the Western Union building.

Q. Who keeps the books? A. They are kept under Mr. Marcy. He is the bookkeeper. His address is 205 LaSalle street.

Q. By communicating with him we could get the exact items of these expenditures? A. Undoubtedly. I will give you everything I have here.

Q. You can have those figures here to-morrow morning at 10 o'clock? A. Yes, sir.

At the suggestion of Mr. Fairchild, Mr. Waters was excused until 10 o'clock in the forenoon of September 26th.

S. H. WILKESON.

S. H. WILKESON, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What is your business? Well, we have a grain elevator, the Wilkeson elevator.

Q. Have you brought with you the books called for by the subpoena? A. I would explain that we do not keep books at all. This is a private elevator. It is owned by a family entirely. My father built it, the first of the two houses, in 1863. The larger house alongside of it was built in 1888.

By Commissioner Smith:

Q. There are two elevators? A. It is practically one elevator. The first house is on the corner of Indiana and Ohio streets and was built in 1863. The original house was burned down. This is the second one. In 1888 an addition was put on. It is practically one elevator, all connected. The two elevators have a capacity of about 425,000 bushels.

By Mr. Fairchild:

Q. Is the elevator now operating? A. Not this year. We made arrangements to open, but they cut us down so on shares and on gross receipts that we found out last year we lost quite a lot of money. We lost from eight to ten thousand dollars cash, and so we did not care about being public benefactors after that. We keep a foreman there at full pay and keep a couple of good men, so that whenever they want us to open we are ready to open in a week.

Q. You have not operated this year? A. No, sir. It is one of the finest houses in the city. The State of New York can not ask us to go to work and sink eight or ten thousand dollars a year for the benefit of New York. We have done it. We did it last year, cash money.

Q. So you receive your agreed dividend from the pool, but without operating the elevator? A. We are ready to operate at any moment. We have got men there under pay. We have got a foreman there.

Q. What do you pay the foreman? A. We pay him \$1,200 a year.

Q. And you say you have two additional men? A. We have one watchman.

Q. How much do you pay him? A. We pay him forty-five dollars a month. Then we have a man there off and on. He is there now. He is our feed tender.

Q. He is not steadily employed? A. No, sir. When the watchman gets sick he takes his place and changes off with him.

Q. Can you state about how much it would cost to duplicate that elevator? A. Well, that house cost, those two houses cost about \$200,000 with the docks.

By Commissioner Smith:

Q. That is what they cost to build? A. Yes, sir.

Q. Exclusive of the land? A. Yes, sir.

By Mr. Fairchild:

Q. That is, at the time they were built? A. Yes, sir. They were built some years ago.

Q. They could be built cheaper now than they could then? A. Our house is a wooden house and I think there is some difference now in the price of lumber. That house could probably be duplicated for \$175,000. That is a low estimate. That is my opinion.

Q. Are you familiar with the values of land, so that you could state about the value of the land upon which that house is located?

A. That location there is the best on the river. We are at the foot of Washington street, next to Main, and right on the corner. It is the first good lot after you leave Main street. It is the best lot on Buffalo creek now anywhere, for its size. It is the best lot on the north side and has one rail connection. It is not only good

for elevating business, but for other kinds of business, steam-boats lying there all the while.

Q. What would you say was the worth of that property? A. Worth about \$2,000 a foot.

Q. How many feet are there? A. One hundred and eighty-seven.

Q. One hundred and eighty-seven feet at \$2,000 a foot? A. Yes, sir. We would not sell that property unless we got that for it. It has been in the family nearly eighty years.

By Commissioner Smith:

Q. What is the cost of the elevators? A. When we make a deal, if we ever have an offer, everything will be taken into consideration. We already hold a price on the property.

By Mr. Fairchild:

Q. What is that price? A. Five hundred thousand dollars.

Q. When you say 187 feet at \$2,000 a foot, do you include in your estimate the buildings? A. No, sir.

Q. That is the land alone? A. Yes, sir; there is no other property that I know of situated like that. We own right to the water's edge; it fronts on the water.

Q. When your elevators are in full operation, what is the expense of operating? A. Well, we figure on an expense of from fifteen to eighteen thousand dollars per year when we are operating. Our insurance and taxes are heavy.

Q. You include that in that estimate of fifteen to eighteen thousand dollars a year? A. Yes, sir.

Q. What is the capacity of the elevators? A. Four hundred and twenty-five thousand bushels. They always put us down for 400,000 in all these lists they make up. We are 425,000, and if they doubt it they can come there and measure it. I want to tell you that this house is a private house and we have had to stand all this cutting down of shares and all this kind of thing from time immemorial. We are no corporation; just private individuals.

By Commissioner Smith:

Q. Always been in the pool? A. Yes, sir; always stood by the pool. We have stood by them through thick and thin, and when they bring in a new house they cut us down.

Q. Always been in operation until this year? A. Yes, sir. The reason that we are not operating this year is that we lost money last year and prospects are poorer this year.

By Mr. Fairchild:

Q. Last year, I suppose, the fight that was going on here between the elevators and the competition and cutting of rates was what caused you to lose money? A. Yes, sir.

Q. You operated during the whole of last year? A. Yes, sir; all through the season.

Q. Were your total expenses for operating the elevator during the whole of last season about \$15,000? A. About \$15,000.

By Commissioner Smith:

Q. About half of it was loss? A. Yes, sir.

SPENCER KELLOGG (recalled).

SPENCER KELLOGG, recalled, testified as follows:

By Mr. Fairchild:

Q. Mr. Kellogg, have you now the statements of accounts called for? A. I have.

Q. And will you give the items as you have them there? A. The receipts for 1897? You mean the total?

Q. Yes, sir, and the items, too. A. Rent from oil works, \$1,500; running account, \$21,491.16; rent account, \$73,835.88; total, \$96,827.04. Expenditures: Fuel, \$1,619.50; expense, \$850.10; labor, \$9,475.05; interest, \$2,742.17; insurance, \$2,449.34; tax, \$3,945.49; repairs, \$4,216.14; dividend, six per cent, \$6,000; plant for improvements, \$1,068.77; salary, \$64,460.48; total, \$96,827.04. In 1898 receipts; S. M. Dougall, \$346.27,

Q. What is that for? A. I do not know; \$346.27. I suppose it is some one who employed us. Total earnings, \$56,043.20; from Western Elevating Association, 1897 account, \$560.44; total, \$56,949.91. Expenditures: Account loss, \$50; dividend, \$6,000; fuel, \$1,466.88; expense, \$1,429.10; interest, \$2,808.27; labor, \$10,817.51; insurance, \$2,558.20; repairs, \$4,743.95; tax, \$4,369.67; salary, \$22,706.33; total, \$56,949.91. For this year shoveling, Western Elevating Association.

Q. Is this year to July 31? A. To September 1, 1899. Shoveling, \$1,173.13; rent, \$13,658.75; storage (from Kellogg oil works) \$1,138.27; from same source, \$8,068.31; total, \$24,038.40. Expenditures: Fuel, \$1,386.33; expense, \$815.64; interest, \$2,195; labor, \$6,830.39; repairs, \$1,713.81; labor, \$1,417.56; tax, \$4,139.89; salary, \$5,040.80; cash on hand, \$479.04; total, \$24,036.40. Do you want the cost of the plant?

Q. Yes, sir. A. Cost of plant, 1897, \$316,185.57.

Q. That includes the value of the land? A. Yes, sir. It is the same all through, value of land, machinery and everything else.

Q. You have now given every item that enters into the cost of securing and operating such a plant? A. Yes, sir.

Q. What is this item of rent in receipts, \$13,678.65? A. That was rent received from the Western Elevating Association.

Q. You call your dividend from that association rent? A. We call it rent; yes, sir.

Q. In 1897 you have among the receipts one item of running accounts, 21,000 odd dollars, and another item of rent account, 73,000 odd dollars, the 73,000 odd is from the Western Elevating Association and the 21,000 odd are the receipts of the operation of the elevator from all sources other than the receipts that go into the Western Elevating Association. Is that correct? A. The running account and the rent account?

Q. Yes, sir. A. They are the same, only we have designated them differently.

Q. The running account would be all items other than the items received from the Western Elevating Association? A. No, sir. Those two items can be put together if you wish. They all

come from the Western Elevating Association, but we saw fit in our books to designate them on our books in that way, for our own convenience.

Q. The item of cost of plant, \$316,185.57. I suppose that item is the total original cost as it has been carried on your books from the date of the construction of the elevator? A. Yes, sir.

Q. When was the elevator constructed? A. In 1894.

Q. Could the elevator be duplicated for the same or for less now than it would have cost to build an elevator in 1894? A. I imagine this year it would cost a little more.

Q. How often do you receive an account and a payment from the Western Elevating Association? A. Sometimes twice a month; sometimes not as often.

Q. Then this item of rent for September 1, 1899, would include the return from the Western Elevating Association down to that date? A. For one year.

Q. Down to that date? A. Yes, sir; for twelve months.

Q. There would be no such case as not having received a return for the past two weeks and a return coming in two or three days after this statement is made up? A. There is a little item in the next account, about \$400, which is for the previous year.

By Commissioner Smith:

Q. That had run over into the next year? A. Yes, sir; that is practically for twelve months.

KELLOGG ELEVATOR.

Receipts and Expenditures to November 1, 1897

RECEIPTS.

Rent from oil works	\$1,500 00
Running account (W. E. Assn.)	21,491 16
Rent account	73,835 88
	<hr/>
	\$96,827 04
	<hr/> <hr/>

EXPENDITURES.

Fuel	\$1,619 50
Expense.....	850 10
Labor	9,475 05
Interest	2,742 17
Insurance.....	2,449 34
Tax	3,945 49
Repairs	4,216 14
Dividend, six per cent. on \$100,000.....	6,000 00
Plant for improvements ,	1,068 77
Salary	64,460 48
	<hr/>
	\$96,827 04
	<hr/> <hr/>

Receipts and expenditures to November 1, 1898.

RECEIPTS.

S. M. Dougall.....	\$346 27
Total earnings	56,043 20
From W. E. Assn, 1897 account.....	560 44
	<hr/>
	\$56,949 91
	<hr/> <hr/>

EXPENDITURES.

Account lost	\$50 00
Dividend.....	6,000 00
Fuel	1,466 88
Expense	1,429 10
Interest	2,808 27
Labor	10,817 51
Insurance.....	2,558 20
Repairs	4,743 95
Tax	4,369 67
Salary	22,706 33
	<hr/>
	\$56,949 91
	<hr/> <hr/>

KELLOGG ELEVATOR.

Receipts and expenditures to September 1, 1899.

RECEIPTS.

Shoveling (W. E. Assn.)	\$1,173 13
Rent	13,658 75
Storage (from Kellogg Oil Works).....	8,068 31
Storage (from Kellogg Oil Works).....	1,138 27
	<hr/>
	\$24,038 46
	<hr/> <hr/>

EXPENDITURES.

Fuel	\$1,386 33
Expense	815 64
Interest	2,195 00
Labor, elevator hands	6,850 39
Repairs	1,713 81
Labor, office	1,417 56
Tax	4,139 89
Salary	5,040 80
Cash on hand	479 04
	<hr/>
	\$24,038 46
	<hr/> <hr/>

Cost of Plant.

Balance of account, November 1, 1897.....	\$316,185 57
Balance of account, November 1, 1898.....	316,185 57
Balance of account, September 1, 1899.....	316,185 57
	<hr/> <hr/>

GIBSON L. DOUGLASS (recalled).

GIBSON L. DOUGLASS, who had already been sworn, testified as follows:

By Mr. Fairchild:

Q. Did you bring with you the accounts called for by the subpoena? A. I have not got them, sir. They are in New York in the hands of the comptroller.

By Commissioner Smith:

Q. The comptroller of what? A. The Western Transit Company and the New York Central.

Q. His name? A. John Carstensen, comptroller, New York Central & Hudson River Railroad Company.

Q. He has all the accounts for the last three years? A. Yes, sir.

By Mr. Fairchild:

Q. And you have none of the accounts here? A. No, sir.

Mr. Douglass was here excused until 5 o'clock in the afternoon of September 26, 1899.

ALBERT J. WHEELER.

ALBERT J. WHEELER, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo, Mr. Wheeler? A. Yes, sir.

Q. What is your business? A. I am in the elevating business and malting business both.

Q. You have the elevators Ontario and Wheeler? A. Yes, sir.

Q. Did you bring with you the accounts called for by the subpoena relating to those two elevators? A. I did not. They subpoenaed me at the bank I am president of and I have not been down town since. I could not give you the details. I could give you the lump sum.

Q. We would like to have details? A. We have always charged everything up and we would have to go through the ledger.

Q. Would you not be able to have compiled from your books the items of expense and the cost of the plant? A. I can give you all those to-morrow. I cannot give you the items, labor and fuel and those things. I can give you the lump sums.

Q. That is, as to each? A. No, sir. I cannot give you that because I would have to go through the ledger and pick out every item, but I can give you the gross sum, all the expense, that is the footings.

By Commissioner Smith:

Q. Don't you have in your ledger account the fuel separate?

A. No, sir; I keep just an elevator account for each house.

Q. What about the disbursements? A. What I receive I credit and what I pay out I charge.

By Mr. Fairchild:

Q. And only have two accounts, receipts and disbursements?

A. Yes, sir. I keep a receipt and a disbursement account for each elevator.

Q. You have an account showing the cost of the plant? A. Yes, sir. I can tell you the cost of the Ontario, but of the Wheeler I cannot.

Q. You could give that approximately? A. The Wheeler was built 40 years ago; then she was enlarged, burned down and was rebuilt in 1888.

Q. Will you have produced here to-morrow at 10.30 o'clock the items, so far as your accounts show it, particularly for the period from April 1, 1899, to July 31, 1899, and also the receipts during that period, from all sources other than the Western Elevating Association dividend? A. They are all lumped, you know.

Q. The total receipts are lumped? A. Yes, sir.

Q. But it would be an easy matter for you to pick out the amounts received from the Western Elevating Association and the balance would be the amount received from other sources? A. We do elevating business, carting business and wagon business.

Q. There would only be a few items of your dividend from the Western Elevating Association, could you not deduct those? A. Oh, yes.

Q. It would not be much work to get those items separately? A. No, sir.

Q. And also as to each elevator, the cost of the plant? A. All right.

Mr. Wheeler was here excused until 10.30 o'clock in the forenoon of September 26, 1899.

E. T. EVANS.

E. T. EVANS, being duly sworn by the commissioner, testified as follows:

By Commissioner Smith:

Q. Your full name? A. Edward T. Evans.

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What is your business? A. In this particular inquiry that you are making as to the elevator situation here?

Q. Yes, sir. I am the vice-president of the Connecting Terminal Railroad Company. They own an elevator.

Q. They own what is known as the Connecting Terminal elevator? A. Yes, sir.

Q. Have you any interest in any other elevator? A. No, sir.

Q. Have you brought with you the accounts relating to that elevator, called for by the subpoena? A. I have not.

Q. Will you produce them? A. If you will let me know what you want. Our accounts are all kept in Philadelphia. Our auditor's office is kept in Philadelphia and the only record we keep here is the daily record. All our accounts are kept there and I will have to send and secure for you whatever you desire.

Q. Have you anything here in Buffalo now, from which you could compile a statement of your total expenditures from April 1, 1899, to July 31, 1899? A. I have not.

Q. You retain no memoranda whatever? A. So far as I am personally concerned, no, sir. The whole of our accounting is concentrated in our auditor's office in Philadelphia, and when we want any information of this sort I always have to send to Philadelphia for it. I have no data here from which I could give you what you want.

Q. Could you get that here by telegram by to-morrow? A. I do not think I could. I do not think it would be possible to make it up.

Q. Suppose you confine it just to this year, since April 1st? A. Even then I doubt it. Would it be essential to have it here to-morrow?

Q. Could you get it here by Wednesday if you should send them a telegram for that period? A. Possibly.

Q. Will you endeavor to do so? A. Yes, sir.

Q. We have for that period, from April 1, 1899, to and including July 31, 1899, your receipts from the Western Elevating Association. A. Yes, sir.

Q. And we want the other side of that account, the total expenses, the total cost of operating the elevator during that period, and the total cost of the plant, the land value and the cost of constructing the elevator and the disbursements on account of it separately. A. You want the total cost of the land and construction separate?

Q. Yes, sir. A. You want the operating expenses?

Q. Itemized expenses of operation, in the manner that you keep your books, for that period from April 1 to July 31 inclusive, and also the receipts from any source of income other than the dividend from the Western Elevating Association for that period. A. All right.

Q. Can you telegraph for the information to-day? A. I will telegraph this afternoon, and try and get it here as soon as I can do so.

Q. It may be possible that the bookkeeper here can furnish it more readily than you think. A. You want the total cost of land and construction separate, the operating expenses in items from April 1st to July 31st, and receipts from all other sources than the Western Elevating Association?

Q. That is right.

Mr. Evans was here excused until 5 o'clock in the afternoon of September 26, 1899.

SPENCER CLINTON.

SPENCER CLINTON, being duly sworn, testified as follows:

By the Chairman:

Q. Your name? A. Spencer Clinton. I am an attorney and counsellor-at-law and also president of the Buffalo Savings Bank.

By Mr. Fairchild:

Q. Are you interested in or do you represent any of the elevators in Buffalo? A. As executor, I own and manage two, the C. J. Wells and the Bennett.

Q. Any other elevator? A. No, sir.

Q. Have you brought with you the accounts called for by this subpoena? A. Hardly. I was subpoenaed at twelve and could not do it by one.

Q. When can you do it? A. I make a report every year to the surrogate and they are filed over there, and it is only a question of taking a transcript.

Q. Have you made a report to the surrogate this year? A. Yes, sir.

Q. That covers the period from April 1, 1899, to July 31, 1899? A. No, I think my account was rendered in May.

Q. Can you produce here, in addition to the items you have referred to, the items for that period? A. I have no doubt my bookkeeper could pick them out in an hour.

Q. Can you have them here to-morrow? A. I will try. I see no reason why he could not take them right off. Everything is kept in regular order, debit and credit, item by item. Fuel is separate and wages are separate.

Q. Now if you will bring here to-morrow morning items of the accounts under the headings as you keep them in your books, showing the cost of the plant, including the land value as to each elevator—— A. That is a different question. The C. J. Wells elevator was burned down and I rebuilt it five or six years ago, I cannot tell the exact date. It will require the bookkeeper to go back to that time, looking at the old books to ascertain the cost of rebuilding.

Q. I have no doubt he had a separate account for the cost of construction? A. Yes, sir. It went to the principal account, not to income.

Q. So that his books, by mere reference to them, will show the cost of construction? A. It is merely a question of time.

Q. Your books also show the value of the land as you estimate

it? A. No, sir. The Wells elevator was bought by Mr. Wells about thirty years ago, and the Bennett elevator land was bought just about as long ago, longer I guess.

By Commissioner Smith:

Q. You can place a valuation upon the entire plant, the elevator and the land, and giving the cost of the elevator the remainder would be approximately the cost of the land? A. I think, in 1890 the Lackawanna undertook to take some of that property there, and Mr. Bennett and the Lackawanna road had a tussle before a commission, and if you gentlemen want to sum up the swearing on that occasion you can give a better guess than I can. It was valued all the way from \$300 to \$2,500 a foot.

Q. We will take your own estimate. A. I hardly think that is fair, but I will do it for you if you want me to. I want to sell that elevator. I might meet some one who would pay me more than it was worth.

Q. I have no doubt you have already put a price on it? A. From \$750,000 down to \$500,000.

By Mr. Fairchild:

Q. As to the operating expenses, we want those from the 1st of April to July 31, 1899. A. You do not want for the three years?

Q. No, sir. We have here the item of your receipts from the Elevating Association for that period. A. I can give you the Bennett's right here.

Q. What is that? A. Nothing but night watchman, forty-five dollars a month, since the 1st of April.

Q. That is because it is not being operated? A. Yes, sir.

Q. When did you operate the last time? A. Last year. She is in commission now, commenced three days ago, went to work again.

Q. I should like to have the monthly cost of operating the elevator when it is in full operation. A. Then you had better take last year.

Q. We will take last year then. A. All right. For the same period, or right through the year?

Q. For the year and the receipts for that year. A. That is a fair basis of comparison. Why not take the Wells the same way? It is merely a physical effort.

Q. I would like to have the Wells for the full year, as to 1898, but also for the purpose of comparison I would like to have that for the period for which we have one side of the account? A. All right.

Q. And also any receipts of that year obtained from the operation of the elevator during that period from April 1 to July 31, 1899, other than your receipts from the Western Elevating Association? A. The outside receipts were at one time collected by the Western Elevating Association, that is, loading cars. After that was stopped we dealt directly with the parties for whom we rendered the service.

Q. It has been stated that there is some service performed by the elevators for which they render their bills directly and collect. A. Loading cars and running to side-bins.

Q. In order to have the account accurate I should like to have the items for that period. A. The year 1898, for the Wells and Bennett elevators, and down to the 31st day of July of this year for the Wells.

LEONARD DODGE.

LEONARD DODGE, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside here in Buffalo? A. Yes, sir.

Q. You have an interest in an elevator? A. Yes, sir; Frontier.

Q. You are the owner of it? A. No, sir; it is a stock company. I am the secretary.

Q. What is the capitalization of the company? A. Two hundred thousand dollars.

Q. Did you bring with you the books of the company? A. I did not, but I have a statement with me. From what I have

heard I think I have got just what you want. I have got it here, taken from my books to to-day, from January to the present time. That would give you near enough wouldn't it?

Q. Yes, sir. A. The receipts or elevator rent were \$19,339; interest, \$295.75; railroad charges, \$77.57; storage, \$114.69. The storage is for some little stuff we took in and, of course, we get that individually. It does not go into the Western Elevating Association. Running over, \$145; that is for side-bins for local delivery. Blowing, \$96.36. You want the disbursements?

Q. Yes, sir. A. Steam shovel, you might call it tending steam shovels, \$386.34; coal account, \$656.81; taxes, \$4,130.09; repairs, \$1,835.10; oil, \$149.86; insurance, \$954.26. Most all of the insurance comes due next month and in November, so it shows a very small item. Labor account, \$6,726.08; expenses, \$1,753.75; trimming cars, \$1,146.27; dividend, six per cent, \$12,000.

Q. That gives all the items of receipts and disbursements up to October 1st? A. Up to to-day, from January 1st up to to-day.

By Commissioner Smith:

Q. Has your elevator been in operation the whole year? A. Yes, sir.

Recess was here taken until 3.30 p. m.

BUFFALO, *September 25, 1899.*

The hearing was called to order at 3.30 o'clock p. m. by Commissioner Alexander R. Smith.

E. W. EAMES.

E. W. EAMES, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. Edward W. Eames.

Q. You reside in Buffalo? A. Yes, sir.

Q. Are you interested in the Electric elevator? A. Slightly.

Q. What is your relation to the Electric elevator? A. I am treasurer.

Q. Is it a stock corporation? A. Yes, sir.

Q. What is its capitalization? A. The capital that came in was \$350,000.

Q. Is it all issued? A. No, sir; \$175,000 of stock was issued and \$232,000 of bonds.

Q. What is the interest rate of the bonds? A. Five per cent.

Q. Have you brought with you the accounts called for by the subpoena served on you? A. The subpoena called for all the books and papers. I have brought with me an epitome, such as I supposed you desired.

Q. These two papers, signed by you, contain such statement of the account? A. Yes, sir, as I believe, correctly.

Q. And contain all the operating expenses from April 1, to July 31, 1899? A. That was the intention, but I think the salary of the two managers is possibly not included. I have paid no particular attention to it.

Q. Will you give the amount of those salaries? A. I don't know.

Q. About? A. I don't know. Let me explain to you why I do not know: I stayed with these people, sold them the property originally and helped them out all I could and stayed with them a year or two; then they took Mr. Kneeland and my old bookkeeper in my place. I have paid no attention to it this year, so I am not as familiar as I might be. These statements are made up from the cost, from my own figures and the figures of the bookkeeper.

Q. And each and all of the statements and items on these two pieces of paper signed by you are correct? A. I believe them to be correct.

(Statement offered and received in evidence and marked exhibit No. 1, of September 25, 1899.)

Q. Of this item of land and docks, and including your own services for about a year, how much of that item should be deducted for your services in order to ascertain the "land and docks?" A. There was no agreement in regard to it. They simply bought the land of me provided I could take an interest in the company.

Q. And they paid that total amount? A. They have paid that much money.

Q. Was that amount paid in cash or by the issue of stock and bonds, or both? A. Paid in cash.

Q. All of it? A. Oh, yes. So far as you want to know it is cash. There is no water or anything at all. That is what you want to know.

Q. Was it all paid in cash, or did they issue stock or bonds or both in part payment? A. Upon a mortgage and there was a bond. I sold the property for cash, but on my own suggestion they only paid about one-half cash; but they have paid the whole of the rest with the cash to me. For the time being they gave me a bond and mortgage for half of it.

Q. And afterward they took up the bond? A. Took it up so that it is all actual cash representation to-day.

Q. Is it all actual cash received by you and paid out by the company to-day? A. Yes, sir.

Q. You are still a stockholder in the company? A. To a small amount. I don't like to tell this to go on record, but I wanted to be rid of the responsibility and they were willing to buy me out last spring, except so far as a nominal amount. I have no objection to telling you gentlemen all about it, but I don't care about it going on record.

Q. You state "land and docks" in this item? A. Yes, sir.

Q. Does that include the cost of erecting the elevators? A. No, sir, it is only the space to put them.

Q. Which one of these items include the elevators? A. Some of them will show.

Q. The item "constructed buildings, one hundred and seventy-five odd thousand dollars," that is the item for elevator? A. That is one of them. There are a little more got to go in beside that. It is all there in black and white.

Q. Now, that total amount of all these items of \$399,715.27, was that all paid in cash, or was part of it in stock and bonds or both? A. It was all paid in money.

Q. No stock issued for the construction account? A. No stock issued for anything but money.

Q. Was any of the stock sold for less than par? A. No, sir; there is none of it sold except among ourselves.

Q. That is, you constructed these buildings and secured the land and dock and you were associated with others in doing this; and then when it was all completed you issued to each of the associates stock and bonds? A. During and after completion, yes, sir.

Q. And these items, amounting to a total of \$399,715.27, show the amount at which you and your associates valued the property when it was so completed in connection with the issuance of bonds and stock and divided it among yourselves? A. Yes, sir.

Q. Can you give the items showing the actual disbursements to the contractors who erected the buildings? A. It is all right there.

Q. As I understood you these figures are based upon an agreed valuation of the property as it was completed in connection with the organization of your corporation and the issuance of stocks and bonds? A. Based on the cash cost of the property at completion.

Q. Actual cash disbursements? A. Actual money put up.

Q. Every dollar of this \$399,715.27 represented actual cash outlaid to that amount to someone or other for the purpose of the land and the erection of the building? A. Yes, sir; including the last item of interest.

Q. Have you no receipts from any source other than the receipts from the pool? A. Yes, sir; a hundred dollars or so. We have a couple of cottages on the property that were there before the elevator was built; it don't amount to anything.

Q. Have you no income from the operation of the elevator other than you receive from the pool? A. Practically no. I think up to that item literally no, but still there was to be some charges for local loading of cars, but we have done none of the business, rather not do any of that business, so practically nothing, nothing that you would care for as affecting the result.

The Witness.—I was not subpoenaed before; still, I have been thinking about this and one day I jotted down something. I

presume the Commission understands and realizes fully, still if they are willing I would like to read it to you.

Mr. Fairchild.—We should be pleased to hear it.

Mr. Eames then read the following statement, viz.:

The canal is valuable to New York State not because of its benefit to any one class of people or to any one city, but because of its benefit to numerous classes in numerous localities. If of benefit to boatmen including boat owners and not to others it might better be abolished and boatmen be supported by pensions. If of benefit to Buffalo only or to New York city only, the State might better make a large annual gift to either of these cities than to maintain the canal. But a large portion of the population of New York State realize that the Erie canal is a benefit in many ways to many classes in many communities and that the commerce which it draws to itself and which it induces to parallel lines of transportation is of great importance because of the multitude supported by it and because of the return commerce which is influenced to New York's metropolis from abroad. If then the value of the canal is in its benefit to very large numbers of individuals and corporations it stands to reason that each and all of these beneficiaries should be allowed and encouraged to derive such gains from its commerce as are not inconsistent with the good of all and no interest should be denied by the State such a privilege. To come then to a particular interest, consider the matter of elevation. It must be conceded that elevators are a necessity to canal interests. Elevators then should make a reasonable return to their owners. The only trouble may be to determine what is a reasonable return. Now, the reasonableness of the return is not affected by the greatness or the littleness or the entire absence of profit to other necessities of canal commerce. Boats may make nothing, but boats and boatmen are practically dependent on good facilities for handling grain in order to have any chance to even try to earn a living; for, if we eliminate from canal transportation the carrying of grain we make more fierce than ever the competition of boats to carry what we call the coarser freight, like lumber, ore, salt, etc. Per-

haps no one will deny the proposition that a reasonable income should accrue from elevator earnings. What then should be considered as affecting them. Onlookers will tell you there are more facilities and that competition should make rates very low, but this is just where men who are not aware of all the necessities of the case make a mistake. Some newspaper reporters have emphasized this fact that some rail houses now in the elevating combination are not in use, but the fact is they are kept in readiness for use under an arrangement with the association and is it not almost an axiom that "they also serve who only stand and wait." They are waiting, liable at any moment to be called into use, and are not only liable, but likely to be used when the usual fall rush of grain to the seaboard is in force. The fact that all the available room having facilities to load both railroads and canals is needed at times and that these times occur at some period of almost every year is proof that there is none too much of it. And if there is none too much of it should be permitted without grumbling by anyone to derive a reasonable net income from our commerce. If this proposition is correct it puts upon the Commission the necessity of computing the total value of the property devoted to this use and allowing it all a fair net return. To this return must be added cost of operation, cost of insurance, cost for taxes as the basis for charges. Take cost of operation alone, and we cannot figure it as merely the money expended in any one year for labor and for power. Many conservative manufacturers figure ten per cent. per annum as depreciation of their plants. Elevation is of necessity exceedingly wearing on machinery and causes rapid depreciation of other parts of a plant, because of the great abundance of dust and dirt which permeates every portion of an elevator and perhaps ten per cent. is too little to charge up in this business. Those of us with very little experience are greatly surprised at the cost of maintaining a plant, and the groans omitted by those of longer experience fill some of us with forebodings which do not tend to restful nights or the most comfortable use of present income. The gist of all this is, first, elevators should earn a net income and should provoke no jealousy when earning one that is reasonable. Second, all houses

needed at any time for the prompt handling of grain should be included in the estimate of capital required in the business. Third, in addition to money expended in any ordinary year of an elevator's use, for all running expenses, a very liberal per cent. of cost should be allowed for deterioration.

By Mr. Fairchild:

Q. What part of the elevator requires the greatest expenditure for repair? A. I should say the machinery the greatest.

Q. Of the machinery is there any one part of the elevator which you would say cost more for repairs, very much more than any other part? A. I doubt whether I am able to say. I am a green man at the business.

Q. It has been suggested at one of the hearings in New York that the elevator leg requires constantly great expenditure to keep in repair? A. We have been running our elevator two years, we have already rebuilt one leg.

Q. Would you say that in keeping in repair the elevator leg, the expense is greater than any other part of the elevator? A. I don't think I am competent to talk, when there is a man here who knows about it, Mr. Powers does, and I think it would be better to ask him. A leg is certainly a part of the elevator which is subject to the greatest danger. When it is in the vessel any little surging of the vessel is a vast strain on the leg and there are various other things in connection with it. I should think it is very likely that is true. I am not an expert and don't want to pose as one. I have been in the grain business a long while, but in the elevator business only a little while.

EXHIBIT 1. SEPTEMBER 25, 1899.

Exhibit of expenses of electric grain elevator from April 1 to July 29, inclusive, 1899.

Payroll	\$5,610 04
Expense	652 69
Insurance	65 18
Interest	837 91
Repairs	987 48

Supplies	\$501 60
Electric power	1,491 52
Taxes, due, city general tax	2,465 55
Switching, Buffalo creek	363 60
	<hr/>
	\$12,975 57
	<hr/>

Our repairs in 1898-99, April to April, being first year, and we fear much more cost before 1898 is gone	\$4,453 20
Payroll, 1898-99	17,576 89
Power costs a minimum for certain amount and more if more used (cost \$8,000 1898-99)	8,000 00
Considerable insurance paid for 1899 before April, and not in above.	
Expense account, 1898-99, and must increase much more in proportion balance of this year	7,585 79
Switching, 1898-99, cost us, and will greatly increase soon as Elevator Company asks us to do more work	2,129 96
	<hr/>

(Signed) E. W. EAMES.

Cost of electric elevator.

Land and docks, including services of E. W. Eames for about a year	\$168,565 15
Dredging	13,367 06
Electric plant	15,268 99
Engineering	3,027 50
Railroad connection	1,200 00
Equipment, besides contract	1,293 70
Contract buildings and various small items paid and charged "construction"	175,592 75
Interest during construction on advances	21,400 12
	<hr/>
	\$399,715 27
	<hr/>

(Signed) E. W. EAMES,
Treasurer.

WILLIAM B. GREGORY.

WILLIAM B. GREGORY, having been first duly sworn, testified as follows, viz.:

By Commissioner Smith:

Q. Your full name? A. William B. Gregory.

By Mr. Fairchild:

Q. Where do you reside? A. In Buffalo.

Q. What is your business? A. I am what you might call a clerk in the Great Northern Elevator office.

Q. In Buffalo? A. In Buffalo.

Q. Were you served with a subpoena requiring you to bring certain accounts here to-day? A. Yes, sir.

Q. Have you produced them? A. No, sir.

Q. Why? A. I cannot get them; I am not in possession of them.

Q. Who are they in possession of? A. I don't know.

Q. The accounts are kept here in Buffalo in the Great Northern Elevator office? A. No, sir; they are not kept at the elevator. All the accounts that I know are kept in Buffalo are kept in the Guaranty Building in the office of the Great Northern Steamship Company.

Q. Is that where your office is located? A. My office is in the Guaranty Building.

Q. In what department are these books kept? A. To the best of my knowledge they are kept in the auditing department.

Q. You are not in the auditing department? A. No, sir.

Q. Who is in charge of that department in Buffalo? A. The Great Northern Elevator has no auditor here in Buffalo at all.

Q. They have no auditing department, known as such? A. No, sir.

By Commissioner Smith:

Q. Is the Great Northern Line a part of the Great Northern Railroad? A. I don't know, sir.

By Mr. Fairchild:

Q. Who is the president of the Elevator Company? A. W. C. Farrington.

Q. He resides here in Buffalo? A. Yes, sir.

Q. Would he be able to produce the books that are kept here of the accounts? A. Well, the president of the company possibly could produce them for you.

Q. And who is the president? A. W. C. Farrington is the president, yes, sir.

Q. Have you made any effort to secure the information that this Commission wants? A. No, sir; I cannot get that.

Q. Have you made any effort to get it? A. No; I have made no effort to get it.

Q. Have you consulted with any one at the offices of the company regarding the request of this Commission? A. Yes, sir.

Q. Who with? A. Mr. Cruger.

Q. Did you make an effort with Mr. Cruger to have the information required by this Commission itemized and furnished here? A. Well, I merely asked if he would give me the information and he said you would have to see the president of the company.

Q. Did you make an effort to see the president? A. Yes, sir.

Q. Did you succeed in reaching him? A. Yes, sir.

Q. With what result? A. With no result, except that he said go over and serve as the subpoena ordered me to.

Q. Did he indicate whether he would or would not, without further subpoenas, furnish these accounts? A. That question was not brought up at all; all Mr. Farrington said was: you go and answer the subpoenas.

Q. What was the nature of your communication with Mr. Farrington? A. Mr. Fairchild gave me a memorandum over the telephone and I took it to Mr. Farrington.

Q. In substance, what was the nature of your statement to Mr. Fairchild? A. I don't know whether I can state it correctly or not. Mr. Fairchild wanted the shipments and the receipts from April 1, 1899, to July 31, 1899; he also wanted the amount that had been received from the association as a dividend; the cap-

italization of the company and the dividends that had been declared on the stock.

Q. This you said to Mr. Farrington? A. No, sir; I merely gave him the paper with the memorandum on it.

Q. You saw him? A. Yes, sir; I succeeded in seeing him.

Q. At the office? A. Yes, sir.

Q. And he read that paper? A. I suppose he did.

Q. You saw him read it when you handed it to him; he looked at it? A. Yes, sir; you might say he read the paper.

Q. What was his response? A. Just as I told you. He said: You go and answer the subpoena, that is all; you don't know anything about it. You are not in a position to know anything about it.

Mr. Fairchild—I suggest that Mr. Gregory be excused until to-morrow morning at 10.30 and directed to attend at that time.

Commissioner Smith.—You are excused, and you are to be here at 10.30 to-morrow morning.

Mr. Gregory—I would like to be excused, if I could; I have all kinds of business to attend to, and as I stated in my remarks, I am only a clerk in the company, and, being a clerk, lots to attend to. I have a telegram waiting for me now.

By Mr. Fairchild:

Q. Did you state to Mr. Farrington that Mr. Fairchild had said to you that if the information desired should be furnished here to-morrow morning at 10.30, that then you could be excused? A. For this afternoon, I did, sir.

Q. And his response was for you to come up this afternoon? A. Yes, sir.

The Commissioner.—You are to be here at 10.30 to-morrow morning, Mr. Gregory, you are now excused until then.

FRANK S. ELDER.

F. S. ELDER, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Frank S. Elder.

Q. You reside in Buffalo? A. Yes, sir.

Q. Are you interested in an elevator in Buffalo? A. No, sir; I am simply a clerk of the Eastern elevator.

Q. What elevator? A. Eastern elevator.

Q. You were subpoenaed to attend here? A. Yes, sir.

Q. Did you bring with you the accounts desired? A. No, I did not. Those are all in the books in the charge of the Secretary Mr. R. S. Fosburg. I told the young man when he brought the subpoena that Mr. Fosburg is out of town and he came with the subpoena made out to me.

Q. When will Mr. Fosburg come back to town? A. I don't think he will come back before the latter part of the week.

Q. You are a clerk in that office? A. Yes, sir.

Q. You have charge of those accounts? A. Just as a bookkeeper that is all.

Q. As a bookkeeper you have charge of these books containing these accounts? A. Yes, sir.

Q. You will have to bring them? A. They are in charge of the secretary and I have no authority to take the books without his authority.

Q. You have when you are required to by a subpoena? A. I did not bring them because I did not think I had the authority to take them without the secretary's approval.

Q. The requirements of a subpoena are greater than the authority of your employer; it will be necessary for you to bring them. So far as the trouble of carting the books is concerned, we will accommodate you if you will bring the items of the accounts.

Commissioner Smith.—Mr. Fairchild says, if you will give us a statement from the books covering what that subpoena requires it will not be necessary for you to bring those books. The authority of this State enables us to call for those books and to extract from those books the information we desire. To save you the trouble of going through all parts of the books to discover the information for us we will accept the statement from you under oath that the information asked for by us has been taken from these books, if you will bring it here to-morrow.

Mr. Elder—I will get Mr. Fosburg on the telephone this afternoon and tell him, he has the check book and the ledger down there.

By Mr. Fairchild:

Q. The books you have in the office, however, give the information called for by the subpoena? A. I don't know exactly what you want. I did not read the subpoena all over to tell the exact truth. I simply saw that it called for the books. I said I didn't have the power to bring them; I have just come over to see what was wanted.

Q. If you can produce here the accounts so far as they relate to what we particularly desire to secure we can dispense with that part of the requirement of the subpoena. We want particularly the items making up the total of operating expenses of the elevator from April 1, 1899, to July 31, 1899? A. The operating expenses?

Q. Yes, sir; the total operating expenses, itemized in the manner in which you keep the accounts; labor, fuel, taxes, etc., for that particular period; also the items of any receipts, other than the receipts from the Western Elevating Association. Those receipts of your elevator we already have for that period. A. The rest of the receipts are merely nominal, they don't amount to anything now to what they used to do.

Q. Now, do you carry on your books the cost of the plant? A. It is all capitalized, and it is just operating expenses that are used now.

Q. What is the capital of the corporation? A. Five hundred thousand dollars.

Q. How long has the company been organized? A. It was organized in 1893, I think.

Q. Have you not an item showing the cost of construction of the elevator? A. No, sir; that is in the old books. Mr. Fosburg has those. This year the management of the elevator changed hands. They appointed a new secretary and reduced the capital from \$1,000,000 to \$500,000. I am practically a new man there, I only went there the last of April myself.

Q. Is there any account showing how much the corporation values the plant? A. Yes, sir; there is a capital stock account.

Q. Do the books show that the total value of the plant equals the capital stock? A. It would have to in any set of books. It would have to show that to be kept in anyway intelligently, unless you keep two sets of books.

Q. At any rate further than the fact that the plant was taken in so far as the present organization was concerned at the value of the present capitalization of the company, you have no account showing the cost of the construction of the plant or the valuation of the real estate upon which the elevator is located? A. No, sir.

Mr. Fairchild—Now, I would suggest that the witness be excused until 10:30 o'clock to-morrow morning, and if at that time he will produce the accounts showing the operating expenses, for that period, April 1, 1899, to and including July 31, 1899, to which I have just referred he may then be excused from furnishing the books.

Mr. Elder—I will take it up on the telephone and ask Mr. Fosburg.

By Commissioner Smith:

Q. Where is Mr. Fosburg? A. In Adams, Mass.

The Chairman—You are excused until 10.30 o'clock to-morrow morning.

PATRICK POWER.

PATRICK POWER, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo, Mr. Power? A. Yes, sir.

Q. And you are interested in an elevator at Buffalo? A. Well, I am the foreman of it.

Q. What elevator? A. The Evans.

Q. Who is the owner of the Evans elevator? A. George W. Tifft and the Evans estate, both of the estates.

Q. Who is the manager of it? A. Mr. Bartlett.

Q. Where is Mr. Bartlett? A. He went to Toledo on the Northwestern. He keeps the books, I cannot tell you anything at all.

Q. You know nothing about the operating expenses of the elevator? A. No, sir; he went to Toledo last Friday on the Northwestern and he will not be back until Saturday.

Q. Is there anybody else in Buffalo connected with the elevator who can give the information? A. No, sir, no one but him; he keeps the books.

Q. Has he any bookkeeper employed on the books? A. No, sir.

Q. He does the clerical work on the books himself? A. Yes, sir.

Q. Mr. Powers can you tell what part of the elevator is the most expensive to be kept in repair? A. Whether machinery, sir, or outside leg?

Q. What would you say, would you say the outside leg was more expensive than any other part? A. No, I don't think that I would.

Q. To keep in repair? A. Of course, there is more work to the outside leg through the handling of the grain.

Q. Is there more breakage? A. Well, yes, on belting. If anything goes into her when she is running it is apt to break a bucket and do a great deal of damage.

Q. The expense of other parts of the machinery are great in repair? A. Yes, sir, there is nothing to get into them, they wear out.

Q. Do you wish to state that the cost of repairing the leg of an elevator is not so great as the repairing to other parts of the machinery? A. No. There are several legs inside that have to be kept in order, too.

Q. They are just as expensive as the one outside? A. Just as expensive as the one outside.

Q. You have stated that it is more expensive to keep the legs in repair than any other part of the machinery of an elevator. A. Yes, sir.

Q. How many men are employed in the elevator? A. We have eleven. We have two legs and two in the vessel.

Q. That is the total number employed when the elevator is in full operation, is it? A. Yes, sir. We will take out 12,000 to 15,000 bushels an hour in each leg; that depends on whether we get the grain.

Q. About what is the total amount of the pay-roll? A. They have different wages, you know. Some have \$100; some \$50, and some \$65; come close on \$700.

By Commissioner Smith:

Q. A month? A. Yes, sir, a month.

Q. For all eleven employes? A. Yes, sir.

By Mr. Fairchild:

Q. About how much is spent for fuel a month? A. I could not tell you; it depends on how you run.

Q. How much with steady running does it take? A. I don't know. He can tell you what that costs, he keeps track of everything.

Q. Don't you know about how many tons of coal is used? A. No, sir.

Q. Do you know about how often they buy coal? A. When we run steady we buy a good deal of coal, but we have been closed up since June 1st.

Q. And yet you keep eleven men there? A. Oh, no, we only keep four men there now.

Q. Including yourself? A. Yes, sir.

Q. You have been there a long time? A. Forty-five years.

Q. When the elevator is in full operation how many tons of coal are used? A. I could not hardly tell you.

Q. Approximately? A. We get it by the car load now. We burn at the very least thirty-five to forty tons of coal a week when we are running all the while; sometimes we have to work at night but not too much, we could not stand it. Now we are not doing anything.

Q. Do you know the insurance that is on that building? A. I could not tell you.

Q. Of course you don't know the taxes? A. No, I don't. All I have to attend to is to put the legs in and out of the vessel.

By Commissioner Smith:

Q. The actual operation? A. That is all.

The Commission adjourned until 10 o'clock forenoon, September 26th.

BUFFALO, *September 26, 1899.*

A public hearing of the New York Commerce Commission was held this day, in parlor H, of the Iroquois hotel.

Present: Hon. Alexander R. Smith, Commissioner, and Hon. Ben L. Fairchild, counsel.

Commissioner Smith called the hearing to order at 10 o'clock a. m.

W. C. FARRINGTON.

W. C. FARRINGTON, who had been subpoenaed to appear at 10.30 o'clock, telephoned that owing to the illness of his wife he would like to have his examination postponed until 2.30 o'clock p. m. His request was granted.

H. D. WATERS (recalled).

H. D. WATERS, recalled, testified as follows:

By Mr. Fairchild:

Q. Have you brought with you the figures that you were to have this morning? A. The expenses from April 1, 1899 to July 31, 1899, as far as I have them here for the Export elevator are \$10,191. Now, outside of that, not included in that, are rent and taxes for the year, \$8,854. As I told you yesterday there are undoubtedly some other expenses in Chicago, I don't know about. I am simply giving you what I know about.

Q. So far as operating expenses are concerned I understand that would be practically all? A. I presume there would be some expenses in the Chicago offices, bookkeeping, etc., the general offices of the company are in Chicago. Now, our receipts outside of what we receive from the Western Elevating Association amounted to \$43 during that period. As I told you yesterday it would not

amount to much. We have no side bins and we have no blowers, so we have no facilities for getting these outside receipts that some of the other elevators have. The construction as far as I know was \$181,000. Now, there are lots of items that are paid for in Chicago that I don't know about, but so far as I know of here that is right.

Q. That would be practically all? A. I presume a good deal of the machinery bills were paid in Chicago. Machinery was all ordered from Chicago.

Q. About how much would be the expenses in addition to that amount, approximately? A. I could not very well say; it would only be guess work.

Q. It would not be \$250,000? A. I don't think it would be that much.

Q. Or \$50,000? A. I don't think so.

Q. Possibly \$25,000? A. Possibly.

Q. If you can only give guess work, I am willing to take it. A. Make it possibly \$25,000. I don't want to have that as my sworn testimony.

Q. It is possibly \$25,000, probably under that? A. Make it possibly \$25,000, make it that way if you are willing. Those are all the questions you asked me, I believe.

By Commissioner Smith:

Q. You were not able to separate those items? A. No, sir; I was not.

ALBERT H. ADAMS.

ALBERT H. ADAMS, having been first duly sworn, testified as follows:

By Commissioner Smith:

Q. What is your name? A. Albert H. Adams. I am connected with the Niagara elevators.

By Mr. Fairchild:

Q. You are here from the Niagara A, B and C elevators? A. Yes, sir.

Q. And have you brought with you the accounts showing the operating expenses, and the receipts, etc. of the Elevating Association, for the period from April 1, 1899, to July 1, 1899? A. I have got my trial balances. Our year begins July 1st, and I have brought out a copy of the trial balance of July 1, 1896 to July 1, 1897 and from July 1, 1897, to July 1, 1898, and then from that time up to date.

Q. I would be very glad to have that but I should like to have in addition, if you can compile it from your books, just what the expenses were for these months, April, May, June and July of this year. A. I have got those. The months of April, May, June and July are included in this statement here.

Q. You have them separately by the month? A. No, I have the last year.

Q. You are able to compile from your books the expenses for each of these months? A. I have a trial balance for each month, yes, sir.

By Commissioner Smith:

Q. We don't desire it necessarily for each month but for the four months. A. As I understood from the notice that Mr. Sowerby got from you, you wanted the running expenses for the years 1897, 1898 and 1899 to date.

By Mr. Fairchild:

Q. Mr. Sowerby evidently confined his attention entirely to the subpoena in his hands, because he was requested to have the expenses particularly for these four months. We have already on record the receipts of your elevator from the association for these four months, and therefore, for the purpose of comparison, it is necessary to have the expenditures for the same period, in addition to these figures here. A. That would include these.

Q. But I want them separately? A. I can give you that after a time; I can give you what our expenses have been for a year.

Q. Now, if you will give that and then secure for us the information for these four months? A. Let that come in afterward,

and then if I don't give you what you want tell me and I can send it to you. What is it you want to know now?

Q. You say your expenditures and receipts for the year 1897—suppose you give us that now? A. The receipts including the Western Elevating Association dividends were \$130,455.19.

Q. Go right on with the statement. A. The debit side is \$44,347.43.

Q. Have you not the items there? A. Yes, sir.

Q. Will you give those? A. Which do you want first.

Q. Just as you have it there. Now, this paper that you present shows the total expenses for the year 1897, up to July 1, 1897 from July 1, 1896, making a total expense of \$44,347.43, and also shows receipts, making a total of receipts of \$130,444.19? A. Yes, sir.

Q. Will you kindly give the items of expenses of the elevator for the years 1896-1897, from July 1st to July 1st? A. The expense account is \$5,725.64.

Q. Just read them off? A. Labor, A house, \$7,303.38; labor, B house, \$9,597.53; labor, C house, \$1,452.25. We have a team there and a driver and that expense amounts to \$745.58. Repairs, C house, \$52.41; repairs, A house, \$2,422.33; repairs, B house, \$2,435.55. Running expense for oils and such things as that and things to clean out boilers; A house, \$214.87; B house, \$132.62. Coal account, \$3,282.18; insurance account, \$7,876.10; taxes, \$3,107.49. Total, \$44,347.43.

Q. Give the receipts. A. Receipts for steam shovel: A house, \$6,763.62; B house, \$8,354.35. Elevating account: A house, \$9,922.59; B house, \$9,579.61. Storage account: A house, \$296.21; B house, 52 cents; C house, \$7.13. Blowing: A house, \$63.88; B house, \$95.22. Running over: A house, \$488.54; B house, \$664.02. Bagging account: A house, \$2; B house, \$3.12. Dividends of the Western Elevating Association: A house, \$31,072.01; B house, \$41,015.06; C house, \$6,835.84. Running charges: A house, \$7,280.74; B house, \$7,960.81; C house, \$49.94. Total, \$130,455.19. That is all of that year.

Q. Can you state what the rate was for elevating for that year, the year 1896-1897? A. I don't have anything to do with that,

but I think it was seven-eighths of a cent, five-eighths and a quarter for the first ten days; there was no transferring that year.

Q. Now, as to the item of expense for insurance and taxes, have you any qualification to make of the figures as given there for that year? A. There was no city tax in that year; our year ends the 1st of July and the taxes were not paid until August, consequently we did not wait for these taxes; we just settled the business and let it lapse into the next year. It does not make any difference to us whether it appears in that year or not.

Q. Give the expenses and receipts in the same manner for the year 1897-1898. A. Expenses, \$5,678.23. Labor, A house, \$7,024.32; B house, \$7,546.55; C house, \$492. Running expenses: A house, \$140.26; B house, \$146.05; C house, \$1. Repairs: C house, \$58.06. Team account, \$700.11. Coal account, \$2,516.14. Repairs: A house, \$757.99. We cut it pretty close because it was a tough year. Repairs: B house, \$518.21. Insurance, \$7,443.88. Taxes, \$11,200.92. We brought in the preceding year's city taxes, total, \$44,223.72. Receipts for steam shovel: A house, \$3,534.09; B house, \$5,078.34. Dockage account, \$100. That is for the vessel that laid up in the winter. Elevating account: A house, \$3,795.56; B house, \$6,281.69. Storage account: A house, \$134.82. Blowing account: A house, \$16.80; B house, \$47.93. Running over: A house, \$426.68; B house, \$394.30. Bagging account, \$82.03. Pool dividend, \$22,601.01. All this stuff went into the pool, this running over, blowing and everything. Dividend account: A house, \$340.47; B house, \$449.42; C house, \$74.90. Loading charges: A house, \$2,294.04; B house, \$849.79. Total receipts, \$46,503.87.

Q. What was the rate for that year for elevating? A. There was no rate; they did it for nothing most of the time. You can see it in the difference of elevating account.

Q. Now, will you give the receipts and expenditures for the year 1898-1899, to date? A. That is from July 1, 1899, to September 1, 1899: Expenses, \$992.18. Running expenses: A house, \$11.29; B house, \$10.31. Team account, \$140.74. Coal account,

\$449.86. Repairs account, \$164.19 for A house, and B house, \$59.14. Labor: A house, \$1,020.20; B house, \$1,841.55. Taxes, \$6,645.27. Insurance, \$1,794.97. Total expenditures, \$13,129.70. Receipts: Steam shovel, \$1,011.27; B house, \$749.40. Elevating account: A house, \$4,503.47; B house, \$1,457.95. Blowing account: B house, \$5. Running over: A house, \$62.48; B house, \$15. Pool account, \$3,853.80. Loading charges: A house, \$358.65; B house, \$10.03. Total receipts, \$12,016.05.

Q. Now, you may state whether you desire to qualify those figures in any way as to insurance and as to taxes. A. The taxes are for the whole year. It is not for July to September. That is the whole city tax for the year, and the insurance I have paid, \$1,794.97, pays for the year from the 1st of July and also a year from the 1st of August.

Q. Now, Mr. Adams, will you secure for the Commission the same kind of a statement for these four months separately? A. April, May, June and July.

Q. I don't care about it itemized for the month, but just for the four months. We have the receipts for four months, from the Western Elevating Association, and for the purpose of comparison on the rate of elevation for this year it is necessary to have the expenses. A. You want them in the aggregate.

Q. And also any receipts for these four months in addition to the receipts from the Elevating Association. A. That is the same as I have given you here. The whole receipts. I credit the different accounts with the amount received for elevating and for steam shovels, which all goes into the association, and charge it to the pool, and when I receive the dividend I credit the account.

Q. How soon could you have that additional statement? A. At any time. I can just hand it in and it will not be necessary for me to come here.

Q. We would like to have it go on the record in the same way that those other figures have, if it will not be too much trouble. A. No, sir; we can give it to you just the same as I can give you those.

Q. Is there anyone there you can telephone to? A. Mr. Sowerby is there; we are alone in the office.

Commissioner Smith—Then if you will be here at 3 o'clock; if you get here promptly at 2.30, we will put you on the stand first.

A. I can be here just as well at that time as any other.

Mr. Adams was here excused until 2.30 p. m.

ELEVATORS NIAGARA A, B AND C, 1897.

Receipts and Expenditures, July 1, 1896, to July 1, 1897.

EXPENDITURES.		
Expenses	\$5,725 64	
Labor, A.	7,303 38	
Labor, B.	9,597 53	
Labor, C.	1,452 25	
Team	745 58	
Repairs, C.	52 41	
Repairs, A.	2,422 33	
Repairs, B.	2,435 05	
Running expenses, A.	214 87	
Running expenses, B.	132 62	
Coal	3,282 18	
Insurance	7,876 10	
Taxes	3,107 49	
		<hr/>
		\$44,347 43
RECEIPTS.		
Steam shovel, A.	\$6,763 62	
Steam shovel, B.	8,354 35	
Elevating, A.	9,922 57	
Elevating, B.	9,579 61	
Storage, A.	296 21	
Storage, B.	52	
Storage, C.	7 13	
Blowing, A.	63 88	
Blowing, B.	95 22	
Running over, A.	488 54	
Running over, B.	664 02	

Bagging, A.	\$2 00	
Bagging, B.	3 12	
Dividend, A (lease)	31,072 01	
Dividend, B (lease)	41,015 06	
Dividend, C (lease)	6,835 84	
Loading charges, A	7,280 74	
Loading charges, B	7,960 81	
Loading charges, C	49 94	
	<hr/>	\$130,455 19
		<hr/>
		<u>\$86,107 76</u>

ELEVATORS NIAGARA A, B AND C, 1898.

Receipts and Expenditures, July 1, 1897, to July 1, 1898.

EXPENDITURES.

Expenses	\$5,678 23	
Labor, A	7,024 32	
Labor, B	7,546 55	
Labor, C	492 00	
Running expenses, A	140 26	
Running expenses, B	146 05	
Running expenses, C	1 00	
Repairs, C	58 06	
Team	700 11	
Coal	2,516 14	
Repairs, A	757 99	
Repairs, B	518 21	
Insurance	7,443 88	
*Taxes	11,200 92	
	<hr/>	\$44,223 72

RECEIPTS.

Steam shovel, A	\$3,534 09
Steam shovel, B	5,078 34
Dockage	100 00
Elevating, A	3,795 56

* Include city tax for preceding year.

Elevating, B.	\$6,281 69	
Storage, A.	134 82	
Blowing, A.	16 80	
Blowing, B.	47 93	
Running over, A.	428 68	
Running over, B.	394 30	
Bagging, A.	82 03	
Pool dividend.	22,601 01	
Lease, A.	340 47	
Lease, B.	449 42	
Lease, C.	74 90	
Loading charges, A.	2,294 04	
Loading charges, B.	849 79	
	<hr/>	\$46,503 87
		<hr/>
		\$2,280 15
		<hr/> <hr/>

ELEVATORS NIAGARA A, B AND C, 1899.

Receipts and Disbursements, July 1st to September 1st.

EXPENDITURES.

Expenses	\$992 18
Running expenses, A.	11 29
Running expenses, B.	10 31
Team	140 74
Coal	449 86
Repairs, A.	164 19
Repairs, B.	59 14
Labor, A.	1,020 20
Labor, B.	1,841 55
*Taxes	6,645 27
*Insurance	1,794 87
	<hr/>
	\$13,129 70
	<hr/> <hr/>

*Taxes and insurance for entire year.

RECEIPTS.

Steam shovel, A.....	\$1,011 27
Steam shovel, B.....	740 40
Elevating, A.....	4,503 47
Elevating, B.....	1,457 95
Blowing, B.....	5 00
Running over, A.....	62 48
Running over, B.....	15 00
Pool account.....	3,853 80
Loading charges, A.....	358 65
Loading charges, B.....	10 03
	<hr/>
	\$12,018 05
	<hr/>

W. B. Gregory, who appeared on September 25th and was excused until 10.30 a. m. September 26th, was excused from further attendance at the hearings.

A. J. WHEELER (recalled).

A. J. WHEELER, recalled, testified as follows:

By Mr. Fairchild:

Q. Do you produce the accounts of the Ontario and Wheeler elevator? A. Yes, sir; of course I cannot tell you what the Wheeler elevator cost. We bought the property thirty-five years ago. In 1880 we enlarged it; in 1888 it burned down and we rebuilt it, and it is pretty hard to tell. As nearly as I can estimate it it cost \$160,000.

Q. That is the last elevator? A. No, the whole amount that is invested in the property. When we bought the property there was a building on it. When it was bought it cost in the neighborhood of \$65,000, thirty-five years ago. We took and enlarged that building, doubled it up in fact. We spent a pile of money on it. In 1888 it burned down and in 1889 we rebuilt it; it did not burn clear to the ground.

Q. Is your estimate of \$160,000 the net expense after deducting the interest collected? A. Yes, sir; it cost a good deal more

money than we got insurance, and rebuilt it. We made it larger. It takes those two elevators when they are running, to pay operating expenses, to earn thirty-two to thirty-four thousand dollars a year before there is a cent of income. That is about the size of it, taking your operating expenses, taxes, insurance and little things that come along. In operating these elevators the expenses are pretty large.

Q. The Wheeler elevator is not operated this season at all?

A. Not this season at all. The only expense that it has been under has been the foreman, watchman, those we have to keep.

Q. Do you want to put this statement in as an exhibit? A. Of course all these figures have all got to go on the record, but I don't see any necessity of publishing it in the daily press; I am perfectly willing that the Committee should have them.

Q. This paper that you present regarding the Wheeler elevator includes the total receipts of the elevator from April 1, 1899, to July 31, 1899? A. Yes, sir.

Q. And also the total operating expenses? A. Yes, sir.

Q. I notice an item here for taxes due? A. The tax-roll comes out in July and we have to pay it in August; they are paid right after the 1st of August.

Q. That is for the whole year? A. That is the city tax.

Q. The city tax for the whole year? A. Yes, sir; it does not include the county tax, that does not come until in the winter. The tax roll comes out in July. We generally have to pay them in July. This year they were late and they postponed the payment until after the 1st of August.

Q. The insurance premium? A. That we have to pay twenty days after the 1st of the month.

Q. That is for the whole year? A. No, sir; that is not all of it, there will be a good deal more to come in.

Q. What is your total insurance when you are not operating? A. We keep insurance all the time on the buildings. Our total insurance on the Ontario is \$94,000, and on the Wheeler is about \$78,000.

Q. What is the rate? A. Two dollars and thirty cents. You

see, our policies run along during the year. They do not expire at one time. This is a batch that came in all at once.

Q. What would be the total amount of taxes for a year on the Wheeler elevator? A. The city tax is about \$2,000, then the county tax will be about \$400 or \$450.

Q. That would be the total tax for the year? A. Yes, sir; then the insurance is at the rate of \$2.30 on about \$78,000.

(Statement of the Wheeler elevator offered and received in evidence and marked Exhibit No. 1, of September 26, 1899.)

Q. You also present a paper relating to the Ontario elevator? A. Yes, sir.

Q. And you say that is now operating? A. Yes, sir.

Q. It gives the total receipts from the Western Elevating Association for the period from April 1 to July 31, 1899, and the items of receipts from all other sources for the same period? A. Yes, sir.

Q. Those items are taken from your books? A. All the items are taken from our books.

Q. And are correct? A. Yes, sir; they are taken from our ledger, where they are posted directly.

Q. It is also true of this statement that the taxes are for the whole year? A. Yes, sir, the city taxes.

Q. And the insurance on the Ontario is as you have already given it? A. That will run until July of next year. That is not all the insurance, that is some fifty odd thousand dollars. More comes in April, some in May and some in the other months.

Q. It was as to the Ontario that you said your total insurance was fifty odd thousand dollars? A. Ninety-four thousand dollars; the rate is \$2.30.

Q. And these figures as to the cost of the land, is that your estimate of the value? A. No, sir; that is just what I paid for it. That is actual cash money paid out. The house was built about eleven years ago.

Q. That is true of each one of these items? A. Yes, sir.

(Statement as to Ontario elevator offered and received in evidence and marked Exhibit 2 of September 26, 1899.)

Q. Do you consider a half a cent rate for elevation and storage for ten days a reasonable rate for a permanent rate? A. It is not enough.

Q. What would you consider a fair rate? A. Five-eighths of a cent for all is a fair rate.

Q. For all services? A. Yes, sir.

By Commissioner Smith:

Q. That is exclusive of steam shovel? A. You must remember that it takes more power to run steam shovels than it does all the rest of the work in the elevator, because the work is steady. Take it at the Ontario we run two marine legs and two steam shovels; they will be light when they go one way and the next there is a jerk. You have got to have an engine that is powerful enough to handle them and all your other machinery. We run a 350 horsepower engine for all the machinery and steam shovels at that house.

Q. Of course, it depends on the amount of business you do, what is a profitable business? A. Your expenses go along all the time. You have got to be ready to do this work at any time. It does not make any difference whether it is day time or night. The men have to be ready to go to work at any time.

Q. Are they all salaried men? A. All monthly men. A vessel will come in and you have got to get to work and take the stuff out. Yesterday we took out 100,000 bushels at the Ontario in about six hours. Now we are putting that aboard cars to-day. Of course, we get no pay for putting it aboard cars. But we are burning coal all the time. There is, of course, the wear and tear on your machinery. If you get a break down it costs considerable to fix it up. The machinery alone in that Ontario elevator cost \$49,000.

Q. What part of the machinery do you consider has the greatest wear and tear? A. That you can't tell.

Q. Would you say there is a great difference between the wear and tear of a leg and any other part of the machinery? A. No, they all wear. You have so many legs and they all wear

out. When you get through a season and look over matters, you have got to spend from \$2,000 to \$5,000 dollars to make things run the next season. Such things will run out, you can't help it. You take the item of belting. There is \$10,000 worth of belting in that Ontario elevator alone, for rubber belting.

Q. Rubber belts? A. Yes, sir; a man has not the faintest idea at all until he sees it work and studies it, what it is. You must remember that if you handle 20,000 bushels of grain an hour you are handling pretty fast.

EXHIBIT NO. 1 OF SEPTEMBER 26, 1899.

Wheeler Elevator.

Received for W. E. Association from April 1, 1899 to

July 31, 1899	\$4,335 03
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Operating expenses from April 1 to July 31, 1899..	\$810 08
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*Taxes due	1,993 58
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*Insurance premiums due	1,343 00
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	\$4,146 66
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Elevator has not run this season.

Cost of land, building and machinery as near as can

be got at	\$160,000 00
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EXHIBIT NO. 2 OF SEPTEMBER 26, 1899.

Ontario Elevator.

Received for W. E. Association from April 1, 1899, to

July 31, 1899	\$7,150 00
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Received from all other sources.....	\$580 27
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	\$7,730 27
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Operating expenses April 1 to July 31, 1899	\$4,732 84
*Taxes due	1,814 15
*Insurance premiums due	1,230 50
	<hr/>
	\$7,777 49
	<hr/>
Cost of building and machinery	\$118,000 00
Cost of land	34,000 00
Cost of docks	3,000 00
Cost for blasting out rock	13,000 00
	<hr/>
	\$168,000 00
	<hr/>

FRANK S. ELDER.

FRANK S. ELDER, recalled, testified as follows:

By Mr. Fairchild:

Q. You have brought with you the statement of account for the elevator Eastern? A. Yes, sir.

Q. Showing the total disbursements and receipts for the period from April 1, 1899, to July 31, 1899? A. Yes, sir.

Q. And this paper you present contains such a statement? A. Yes, sir.

Q. And it was taken from the books of the Eastern elevator by you? A. Yes, sir.

Q. And each of the items there are correct and are all of the items for that period? A. Yes, sir.

Q. As to the items of insurance, does that represent the insurance for that period? A. That represents the insurance up to the 31st of July; yes sir; that was paid on the 20th of July.

Q. It is premiums paid for insurance for the year in each case? A. Yes, sir; but then there is a large block of it that has not expired.

Q. Can you state the total amount of insurance upon the property and the premium paid per annum? A. Yes, sir; the premium is two per cent. on \$200,000.

* For entire year.

Q. And the item of taxes, does that include taxes for the whole year? A. City taxes for the whole year 1900.

By Commissioner Smith:

Q. Not the county tax? A. No, sir; county tax has not been levied yet.

By Mr. Fairchild:

Q. What is the county tax for the year? A. I don't know, I am sure; that is not levied until January.

Q. Will you approximate, what the county tax is? A. Except what Mr. Cook has said, I don't know, I am sure; I think about five or six hundred dollars.,

(Statement of Eastern elevator offered and received in evidence and marked Exhibit No. 3 of September 26, 1899.)

EXHIBIT NO. 3 OF SEPTEMBER 26, 1899.

EASTERN ELEVATOR.

Receipts and expenditures, April 1 to July 31, 1899.

DISBURSEMENTS.	
Sundry expenses	\$481 94
Labor and salaries	4,611 27
Coal	423 53
*City taxes	4,609 93
Interest	6,938 22
*Insurance	1,023 22
Repairs	1,636 76
Oils	110 31
	<hr/>
	\$19,835 18
	<hr/>
RECEIPTS.	
Sundry earnings	\$861 31
Association	17,551 20
	<hr/>
	\$18,412 51
	<hr/>

* For entire year.

PHILOS G. COOK.

PHILOS G. COOK, having been sworn at a previous hearing, testified as follows:

By Mr. Fairchild:

Q. You have already been sworn by this Commission? A. Yes, sir.

Q. And you have been subpoenaed to produce the account relating to the Exchange elevator? A. Yes, sir.

Q. You have that statement of account with you now covering the period from April 1, 1899, to July 31, 1899? A. Yes, sir; that is the statement I have handed to you.

Q. And this statement was taken from the books by yourself? A. Yes, sir.

Q. And the items are correct? A. They are correct, yes, sir.

Q. And contain all the items of receipts and disbursements for that period? A. Yes, sir.

Q. It also contains a statement approximating the annual expenses that appear or seem to appear in other items, in order to show which of these expenses should be properly charged to that period? A. Yes, sir. You will notice that there are quite a number of items exactly the same; they are the things paid every week or month, items like ground rent. Taxes, and insurance don't come in ordinarily under that month. In order to arrive at that tax I took the county tax of last year and included it with our city taxes of this year. The rate this year for county tax will be a little bit higher, they tell us. Of course, you can't state about that.

Q. The Exchange elevator is a corporation? A. Yes, sir.

Q. And has its own offices separate from the offices of the Western Elevating Association? A. Yes, sir; it is in the Board of Trade building.

Q. And its own clerical force separate from the Western Elevating Association? A. I keep the books for them; that is all the clerical force they have. They have a president and a manager there.

Q. The item of salary in this account shows the amount of salary actually paid by the Exchange elevator separate and apart from the salaries paid to the Western Elevating Association? A. Yes, sir.

Q. The item of repairs, from what source do you obtain that item; is that simply an estimate? A. No, sir; the lower item is the amount actually paid during this period and the balance owing on a bill we have not paid yet.

Q. During the period of four months from April 1, 1899, to July 31, 1899? A. Yes, sir; the first statement is actually the cash paid out on the repairs account. As I say, there is a balance due on a bill that we have not paid yet. Of course there will be more coming in. It ought to be larger. There is quite a little lumber that we have bought to do work with that we have not had a bill for yet.

Q. This estimated figure you have divided by three is the actual cash disbursements for this particular period or amounts owing? A. They are not actual cash disbursements during the period, but they will be actual cash disbursements in a year and dividing it by three you get what will accrue in this period. The actual cash disbursements appear above and are larger.

Q. They are actual cash disbursements that had been made up to July 31? A. Yes, sir.

Q. And some that had been made prior to April 1? A. No, sir.

By Commissioner Smith:

Q. They covered repairs prior to April 1? A. In the actual cash disbursements there is so much for repairs and so much for ground rent. Down below we divide that item by three so as to get what you naturally apply to the period. I actually paid out what shows above.

By Mr. Fairchild:

Q. I notice in this statement that you have the items of actual disbursements for that period from April 1 to July 31, 1899, and separately stated you have a duplication of that statement of dis-

bursements with the exception that as to some of the items you give the amount for the whole year and charge that period with one-third of that amount. Will you explain why you make that separate statement and what figures should be used for purpose of comparison for that period? A. I made that separate statement for the reason that it seemed a fair thing and a proper thing, that certain fixed charges that we have paid every year, some of which charges are paid in this period and some out of the period, should be put in in course and divided up, prorating them over that period, prorating to this period the amount that would be its proportion of the whole.

Q. Then you considered that for the purpose of comparison an accurate result could be reached by using statement No. 2 instead of statement No. 1 as to the disbursements? A. I do, yes, sir.

Q. The items as to cost of the elevator plant, does that represent the actual cost of construction that was disbursed in cash? A. Yes, sir; with this proviso or qualification, that the company bought the house after it was burned; that is, there was an elevator there and it burned. The foundation was not, if any, damaged apparently, and when the elevator company bought, they bought the thing as it laid there, paid so much for the foundation and docks, as it stood, and then they put up the superstructure under contract, and that is what it cost them.

By Commissioner Smith:

Q. To purchase it as it stood and to put the superstructure on it? A. Yes, sir; but the company does not own the land; it is ground rent.

By Mr. Fairchild:

Q. Ground rent that has to be paid to parties not interested in the elevator? A. Yes, sir; there is a ninety-nine year lease, which has forty years yet to run.

(Statement as to Exchange Elevator offered and received in evidence and marked Exhibit No. 4 of September 26, 1899.)

EXHIBIT No. 4 OF SEPTEMBER 26, 1899.

EXCHANGE ELEVATOR.

Statement No. 1, April 1 to July 31, 1899.

RECEIPTS.

From W. E. Association, 1899 account.....	\$4,650 00
From sundry book accounts.....	*1,648 16
	<hr/>
	\$6,298 16
	<hr/> <hr/>

DISBURSEMENTS.

For wages and labor.....	\$2,590 65
For expense account.....	273 33
For lights	58 00
For running account	345 58
For coal	194 56
For insurance (\$2,310 due in October).....	140 82
For repairs (\$1,465 still unpaid).....	3,236 89
For salaries, officers and bookkeeper.....	866 67
For ground rent.....	988 00
For interest	175 00
	<hr/>
	\$8,869 50
	<hr/> <hr/>

Cost of elevator plant as shown by the books of the company	\$171,932 45
Capital of company	150,000 00
	<hr/> <hr/>

Statement No. 2, showing approximately the expense which should be charged during period named.

Wages and labor.....	\$2,590 65
Light	58 00
Coal	194 56
Running, \$345.58; expense account, \$273.33.....	618 91
Salaries	866 67
	<hr/>

* One-half of this item was for amounts due the company before April 1, and not paid until after that date.

Taxes (year).....	\$2,971 96
Insurance (year).....	2,599 02
Repairs (year).....	4,736 89
Rent of land (year).....	1,976 00
Interest (year).....	350 00
<hr/>	
Total (year).....	\$12,633 87
Four months, one-third of above, is.....	\$4,211 29
<hr/>	
Total	<u>\$8,540 08</u>

WILLIAM I. BATTY.

WILLIAM I. BATTY, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. William I. Batty.

Q. You reside in Buffalo? A. I do.

Q. Your business? A. Agent of the Erie Railroad Company.

Q. You are employed by the Erie Railroad Company? A. Yes, sir.

Q. Are you connected with the elevator belonging to the Erie Railroad Company? A. I am the agent of the elevator.

Q. What is the name of that elevator? A. Erie elevator.

Q. It is the property of the Erie Railroad Company? A. I presume it is; I cannot answer definitely in regard to that.

Q. Did you bring with you the account relating to that elevator, called for by the subpoena served upon you? A. I did not because the accounts are not kept by the elevator or in my office. The accounts are kept at the general office at New York.

Q. Have you any accounts in your office from which you can give the expenses for the period from April 1, 1899 to July 31, 1899 inclusive? A. No, sir.

Q. Who in New York has charge of these accounts? A. Mr. Wann.

Q. What is his full name? A. J. T. Wann.

Q. Where are his offices? A. Twenty-one Cortlandt street.

SPENCER CLINTON (recalled).

SPENCER CLINTON, re-called, testified, as follows:

Mr. Clinton presented a statement showing the receipts and expenses of the C. J. Wells and Bennett Elevators.

By Mr. Fairchild:

Q. Mr. Clinton, this paper that you present shows the disbursements of the C. J. Wells elevator for the year 1898-1899, ending April 30, 1899? A. Yes, sir.

Q. And also shows the receipts of the elevator for that period other than those received from the Western Elevating Association? A. Yes, sir.

Q. Also the cost of rebuilding the elevator in 1891? A. Yes, sir; I would state in addition to that, that the ordinary reduction adopted by builders is a depreciation of one per cent, a year after the tenth year, so that there would practically be, if you valued that property, no depreciation.

Q. And is that estimate on elevator property? A. No, on wooden structures devoted to manufacturing where they are kept in good repair.

Q. And the figures contained in these statements are taken from the books relating to the elevator? A. Yes, sir.

Q. And are correct? A. Absolutely correct, I believe.

(Statement offered and received in evidence and marked Exhibit No. 5 of September 26, 1899.)

Q. What is the value of the land upon which this elevator is erected? A. That land is appraised at that portion of the creek at \$600 a foot, and I think there are 200 feet. It covers the entire block.

Q. And this same paper presented by you gives the same items for the period from May 1, 1899 to August 1, 1899, for the Wells elevator? A. Yes, sir.

Q. And these items are taken from your books and are correct? A. I believe absolutely correct.

(Statement offered and received in evidence and marked Exhibit No. 6 of September 26, 1899.)

Q. This statement presented by you contains the disbursements and receipts for the Bennett elevator for the year 1898-1899, which year ends April 30, 1899? A. Yes, sir; April 30, 1899.

Q. And these items are also taken from the books of the Bennett estate elevator and are correct? A. The books of the Bennett estate and absolutely correct, I believe. I don't know whether you want it in evidence, when I say absolutely, the business of these estates is done by checks and written vouchers, no verbal business at all.

Q. And contains the items of receipts other than the receipts of the elevating associating and all items of disbursements for that year? A. Yes, sir. Now, I have been thinking of what you said of the valuation of the Bennett elevator. Perhaps the fair way to get at it is to take the price at which I have offered it within three months, and that asking price was, as I recollect it, \$650,000, but with a suggestion that if an offer was made at less than that it would be taken. The situation being this, that under the will of Mrs. Bennett, for whom I am acting as executor, there are legacies there amounting to \$450,000, and I have been trying to sell the elevator which is the main portion of the estate for enough to pay those legacies. It would probably require \$550,000 to do that. With the expenses, etc., added the property might go up to a higher sum, but I think the fair valuation of the property, the minimum value, would be \$500,000.

(Statement offered and received in evidence and marked Exhibit No. 7 of September 26, 1899.)

Q. Mr. Clinton, you are an attorney and counsellor at law, practicing in Buffalo? A. Yes, sir.

Q. How long have you been practicing law? A. Thirty-eight years.

Q. All of that time your offices have been in Buffalo? A. Part of the time in New York and part in Buffalo.

Q. Have you ever had occasion to consider the question of the regulation of transportation from Buffalo to New York and transportation rates, by State legislation? A. Yes, sir.

Q. When and in what connection? A. Two or three times.

Twice, if my recollection serves me right, at the instance of the Transportation Committee of the Merchants' Exchange.

Q. Of Buffalo? A. Of Buffalo.

Q. Will you state the proposition that was being considered at that time by the Merchants' Exchange and by you as their counsel?

A. There had been several proposed acts of the Legislature drawn of the nature of what are called pro rata freight bills for the protection of the transportation business and for the different ports of the State of New York, which were supposed to be injured by the railroad companies here charging an excessive rate for the transportation of freight within the borders of the State over what they charged for other freights, that is, freights coming from outside the boundaries of this State and being hauled the same distance. I examined two or three proposed acts which had been drawn at different periods, some of which had been condemned by the Committee of the Legislature, either the Senate or Assembly, and also some acts which had been passed in some other States. I cannot recollect now which ones, but I have in mind one or two southern States, and I think Massachusetts, which had been condemned by the courts of those States or the United States courts sitting in those States and the problem was to draw an act which would regulate transportation charges within the State and give the protection which was sought for.

Q. The trunk line roads reaching the seaboard have an agreement with each other, known as a differential agreement whereby a lesser rate is charged on freight to Philadelphia, Baltimore and Newport News than to New York, is that not so? A. I could not tell you; I only know it by common repute.

Q. Was your action not in reference among other things to that differential that was being maintained? A. That was stated to me at the time.

By Commissioner Smith:

Q. And it was to overcome that, that you were drafting that act? A. Yes, sir.

By Mr. Fairchild:

Q. There has also been maintained a differential by agreement among these railroads during the lake season, from Buffalo to the seaboard, known as the ex-lake differential, has there not, discriminating against New York in favor of these other ports? A. I cannot say that, I only know it by common repute.

Q. And it was also in reference to that differential that this investigation was being made? A. That was one of the subjects of complaint, yes, sir.

Q. The New Central railroad is entirely within the State, isn't it? A. It is, running from Buffalo to Albany and from Albany to New York city.

Q. And therefore freight starting at Buffalo and consigned to New York over the New York Central is purely State commerce, is it not? A. Purely so, I would add unless received under through bills of lading from some point outside of the State of New York. I want to avoid any contention about the word "starting."

Q. And was your conclusion at the time of that investigation that it is within the power of the State to enact legislation regulating rates upon such freight that not only starts at Buffalo but freight where Buffalo is the initiatory point and is consigned to New York city over the New York Central railroad? A. No doubt it is entirely within the power of the State.

Q. And did you draft an act embodying the desires of the Committee of the Board of Trade to regulate such freight rates? A. I did.

Q. Was there any effort made to secure the passage of that act? A. My recollection of it now, a little hazy, is that there was a change in the officers of the Board of Trade about that time and the subject was lost sight of. Something else came up.

Q. Nothing was ever done with it? A. I don't think there was anything done with it. I don't know that it was submitted to the Legislature; I know I never submitted it. That is as far as I was concerned.

Q. Would it not be true that a minimum rate for transportation

on a New York State railroad from Buffalo to New York would necessarily regulate the rate on all other railroads not under the control of the State Legislature? A. Yes, sir, I believe it would.

Q. That is all Mr. Clinton unless you have some other suggestions to make. A. You have hit on the very thing that has always been in my mind. I believe firmly that the Erie canal is one of the greatest regulators of freight charges that has ever been in existence, but it has got to be used in a different way than it is now. In other words—I don't know that I can make it plain—you may be sure legislation will never touch it. If we three, possibly a fourth could operate a transportation company upon the Erie canal at a profit, taking grain or any other freight from Duluth or Chicago through to New York city or the seaboard we then would have the key to the situation. Not being in that position and the railroads being in that position, they have the key to the situation.

By Commissioner Smith:

Q. It is a lack of organization in modern business methods on the Erie canal? A. Yes, sir.

By Mr. Fairchild:

Q. Have you considered the question of canal terminals or the necessity of having canal terminals at Buffalo and at New York?

A. I have only listened to a good deal of talk on that subject. I have not got the information to know whether they are fit subjects of complaint or not.

A recess was here taken until 2.30 p. m.

EXHIBIT No. 5 OF SEPTEMBER 26, 1899.

ESTATE OF C. J. WELLS.

Disbursements for the C. J. Wells elevator during season of 1898-1899.

Payroll	\$9,324 00
Shoveling	990 46
Coal	1,370 63

NEW YORK COMMERCE COMMISSION.

1649

Oil and grease	\$241 11
Rope, etc	127 23
Office expenses	176 48
Water	50 84
Telephone service	169 75
Meals	52 15
General repairs	2,825 33
Taxes	4,986 77
Insurance	3,249 89
Total	<u>\$23,564 64</u>

Receipts other than Elevating Association:

Oct. 28. Received of Mr. Fleming.....	\$51 85
Received of Urban Milling Co.....	52 50
Mar. 4. Received of C. A. Hager.....	75 00
Total	<u>\$179 35</u>

C. J. Wells elevator cost to rebuild in 1891, \$138,336.28. This year ends May 1, 1899.

Buffalo, September 25, 1899.

EXHIBIT No. 6 OF SEPTEMBER 26, 1899.

ESTATE OF C. J. WELLS.

Disbursements for C. J. Wells elevator for three months from May 1, 1899, to August 1, 1899:

Payroll	\$1,898 75
Coal	182 38
Oil	91 69
Office expenses	21 95
Rope, etc.	46 60
Water	9 90
Telephone service	107 69
Shoveling grain	457 45

Sealing weights	\$30 00
Meals	35 00
	<hr/>
	\$2,881 41
Repairs (year)	2,519 92
Taxes (year)	3,417 57
Insurance (year)	174 34
	<hr/>
Total	<u>\$8,993 24</u>

Receipts other than from Elevating Association, from May 1, 1899, to August 1, 1899:

June 26. Received of Thornton & Chester Milling Co	\$38 75
July 22. Received of Banner Milling Co.....	12 50
	<hr/>
Total	<u>\$51 25</u>

Buffalo, September 25, 1899.

EXHIBIT No. 7, OF SEPTEMBER 26, 1899.

ESTATE OF HARRIET A. BENNETT.

Disbursements for Bennett elevator during season of 1898-99:

Payroll	\$9,818 46
Coal	1,206 09
Oil	180 90
Shoveling	765 11
Rope, belts, etc.....	118 03
Electric lights	263 42
Office expenses.....	95 75
Water	13 50
Telephone service	143 00
Meals	30 15
Repairs	2,008 97
Taxes	6,556 66
Insurance	4,531 89
	<hr/>
Total	<u>\$25,731 93</u>

Receipts other than from Elevating Association:

May	6.	Received of Heinhold and Redenburgh...	\$13 14
June	8.	Received of C. G. Curtis, \$22.40; Cutter & Bailey, \$3.75; cash, \$1.25.....	27 40
May	10.	Received of N. B. Gatchell.....	115 68
	14.	Received of O. G. Spann, \$145.02; Thornton & Co., \$100; Geo. Sandrock, \$50...	295 02
	27.	Received of Mr. Seymour, \$336.95; Mr. Gatchell, \$41.51.....	400 46
June	13.	Received of G. T. Webb & Co., \$14.45; Geo. Sandrock, \$40; Thornton & Co., \$25....	79 45
	17.	Received of J. D. Sawyer, \$7.28; Chas. Kennedy, \$125; Fisher Bros., \$5.62....	137 90
	18.	Walker & Anderson, \$37.96; American Malting Co., \$99.94; Kinne & Son, \$12.50	150 40
July	5.	Received of Julius Benz, \$62.50; J. O'Brien, \$93.72; Mr. Gatchell, \$15.....	171 22
	8.	Received of George Sandrock.....	436 01
	26.	George Sandrock, \$607.60; O. G. Spann, \$406.82	1,014 42
June	21.	Mangus Beck's brewery.....	37 00
Aug.	26.	Lion brewery	25 00
Total			<u>\$2,903 10</u>

This year ends May 1, 1899.

Buffalo, September 25, 1899.

BUFFALO, *September 26, 1899.*

The chairman pro tem. called the Commission to order at 2.30 o'clock p. m.

ALBERT H. ADAMS (recalled).

ALBERT H. ADAMS, recalled, testified as follows:

By Mr. Fairchild:

Q. Have you the additional statement that you were going to produce here? A. Yes, sir; I have April, May, June and July of this year.

Q. Will you now give the receipts and disbursements for the period from April 1, 1899, to July 31, 1899, inclusive, the elevators Niagara A, B and C? A. For the month of April—The expense account, \$441.85. Labor: A, \$688; B house, \$444; C house, \$36. Running expense: A house, \$2.87; B, \$1.88. Team account, \$47.90. Coal account, \$174.83. Repairs, A house, \$1.97; repairs B, \$9.77. Insurance, \$1,251.96. Receipts: Dividend from Western Elevating Association, \$3,375. For the month of May—Expense account, \$375.25. Labor: A house, \$676; B house, \$643. Running expenses: A house, \$25.42; B house, \$19.63. Team account, \$49.25. Coal account, \$140.88. Repairs: A house, \$171.93; B house, \$83.47. Insurance, \$487.26. Receipts—Steam shovel: A house, \$405.91; B house, \$419.07. Elevating, A house, \$14.95. Storage, A house, \$3.74. Running over, A house, \$59.44. Railroad loading charge, A house, \$3.74. Pool dividend, \$4,384. For month of June—Expense account, \$535.12. Labor: A house, \$924.75; B house, \$940.75. Running expenses: A house, \$11.83; B house, \$14.80. Repairs, C house, 62 cents. Team account, \$72.55. Coal account, \$262.08. Repairs: A house, \$416.42; B house, \$59.32. Insurance, \$143.75. Steam shovel: A house, \$541.90; B house, \$360.43. Blowing, B house, \$16.18. Running over: A house, \$66.16; B house, \$126.87. Loading charge: A house, \$265.58; B house, \$69.97. Pool dividend: \$6,302. For the month of July—Expense account, \$434.09. Running expenses: A house, \$8.97; B house, \$7.98. Team account, \$61.30. Coal account, \$220.05. Repairs: A house, \$153.70; B house, \$48.66. Labor: A house, \$477.25; B house, \$828. Insurance, \$636.24. Receipts—Steam shovel: A house, \$500.85; B house, \$292.49. Elevating: A house, \$2,590.74; B house, \$1,457.95. Running over, A house, \$12.50. Loading charges: A house, \$160.59; B house, \$10.03. Dividend, \$6,302.

Q. You did not give the totals? A. The totals are on there, but not in the aggregate.

Q. Did you give them for each month? A. No.

Q. Will you kindly give them? A. For the month of April the disbursements were \$3,101.03 and the receipts were \$3,375.

For the month of May the disbursements were \$2,572.09 and the receipts were \$5,290.86. For the month of June the disbursements were \$3,382.05 and the receipts were \$7,749.09. For the month of July the disbursements were \$2,876.24 and the receipts were \$11,427.19.

Q. The statement that you gave this morning for the whole year will disclose in the insurance item and in the tax item what the average insurance is per annum, and will show what the tax is on your elevators? A. Yes, sir; it gives you the insurance for a year.

ELEVATORS NIAGARA A, B AND C.

Receipts and Expenditures, Month of April, 1899.

EXPENDITURES.

Expenses	\$441 85
Labor, A	688 00
Labor, B	444 00
Labor, C	36 00
Running expenses, A	2 87
Running expenses, B	1 88
Team	47 90
Coal	174 83
Repairs, A	1 97
Repairs, B	9 77
Insurance (year)	1,251 96
	<hr/>
	\$3,101 03
	<hr/> <hr/>

RECEIPTS.

Dividend, Western Elevating Association	\$3 375 00
	<hr/> <hr/>

Receipts and Expenditures, Month of May, 1899.

EXPENDITURES.

Expenses	\$375 25
Labor, A	676 00
Labor, B	643 00
Running expenses, A	25 42

Running expenses, B.....	\$19 63
Team	49 25
Coal	140 88
Repairs, A.....	171 93
Repairs, B	83 47
Insurance (year)	487 26
	<hr/>
	\$2,672 09
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RECEIPTS.

Steam shovel, A.....	\$405 91
Steam shovel, B.....	419 07
Elevating, A	14 96
Storage, A	3 74
Running over, A.....	59 44
Pool dividend	4,384 00
Railroad loading charges, A.....	3 74
	<hr/>
	\$5,290 86
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ELEVATORS NIAGARA A, B AND C.

Receipts and Expenditures, Month of June, 1899.

EXPENDITURES.

Expense	\$535 12
Labor, A	924 75
Labor, B	940 75
Running expenses, A.....	11 83
Running expenses, B.....	14 86
Repairs, C	62
Team	72 55
Coal	262 08
Repairs, A	416 42
Repairs, B	59 32
Insurance (year)	143 75
	<hr/>
	\$3,382 05
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RECEIPTS.

Steam shovel, A.....	\$541 90
Steam shovel, B.....	360 43
Blowing, B	16 18
Running over, A.....	66 16
Running over, B.....	126 87
Dividend Western Elevating Association.....	6,302 00
Railroad loading charges, A.....	265 58
Railroad loading charges, B.....	69 97
	<hr/>
	\$7,749 09
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ELEVATORS NIAGARA A, B AND C.

Receipts and Disbursements, Month of July, 1899.

EXPENDITURES.

Expense	\$434 09
Running expenses, A.....	8 97
Running expenses, B.....	7 98
Team account	61 30
Coal account	220 05
Repairs, A	153 70
Repairs, B	48 66
Labor, A	477 25
Labor, B	828 00
Insurance (year)	636 24
	<hr/>
	\$2,876 24
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RECEIPTS.

Steam shovel, A.....	\$500 89
Steam shovel, B.....	392 49
Elevating, A	2,590 74
Elevating, B	1,457 95
Running over, A.....	12 50
Dividend Western Elevating Association.....	6,302 00
Loading charges cars, A.....	160 59
Loading charges, cars, B.....	10 03
	<hr/>
	\$11,427 19
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L. H. VAN ALLEN.

L. H. VAN ALLEN, being duly sworn, testified as follows:

By Commissioner Smith:

Q. What is your full name? A. L. H. Van Allen.

Q. What do you represent? A. The Lehigh Valley Railroad and the Lehigh Valley Transportation Co.

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What are your relations to the Lehigh Valley Railroad?
A. I am superintendent of the Lehigh Valley, Buffalo division.

Q. What is the name of the Transportation company? A. The Lehigh Valley Transportation Company.

Q. You are also superintendent of that? A. Yes, sir.

Q. That is one of the Lake Lines? A. Yes, sir.

Q. Has the Lehigh Valley also a canal freight line? A. I don't believe they own any equipment; they operate what they call the Diamond Despatch Line.

Q. They operate that in connection with their railroad westerly from Buffalo, and also in connection with their Lake Line west of Buffalo? A. It is in connection with their Lake Line only; that is my understanding. I don't have much of that. It is handled from the other end by the traffic manager.

Q. From the New York city end? A. Yes, sir.

Q. Who is the traffic manager? A. H. H. Kingston.

Q. Where is his office in New York? A. Havemeyer Building.

By Commissioner Smith:

Q. Traffic manager of what? A. Lehigh Valley Railroad Co. and the Transportation Co. as well.

By Mr. Fairchild:

Q. And also has charge of the canal line? A. Yes, sir.

Q. Does the Lehigh Valley Lake Line carry freight exclusively for the Lehigh Valley Railroad Co. westerly from Buffalo? A. Yes, sir.

Q. And easterly to Buffalo? A. Yes, sir.

Q. And on no occasion do they ever carry freight for any other line? A. No, sir; not since I have been connected with the company.

Q. Does it ever happen that they carry freight westerly that is brought by the Lehigh Valley Canal Line to Buffalo? A. Yes, sir.

Q. And when they carry freight that is brought by the Lehigh Valley Canal Line to Buffalo is there a prorating between the Lake Line and the Canal Line? A. I am not competent to answer those questions. I don't have anything to do with the traffic department; I am simply an operating official. Somebody gets the business and I simply move it.

Q. Mr. Kingston could answer that question? A. Yes, sir; he is the traffic official.

Q. If any other canal line should bring freight to Buffalo, you would not receive it on any terms on your Lake Line? A. I cannot say that. If it was delivered at our freight house of course we would move it.

Q. You take local freight here in Buffalo? A. Yes, sir.

Q. And if the freight coming to Buffalo by canal should be delivered to your freight terminals, the same as local freight in Buffalo, you would then take it at the local rate? A. I should assume so; I don't know that we would. I am not competent to answer those questions.

Q. You never had occasion to take it otherwise than in that way? A. No, sir.

Q. What is the name of your Lake line? A. The Lehigh Valley Transportation Co.

By Mr. Fairchild:

Q. Can you give the name of each and every Lake Line west from Buffalo? A. I may get them wrong, but I will try: The Union Steamboat Co.; the Union Transit Co.; the Anchor Line; the Western Transit Co.; the Green Bay Line (that is Captain Drake's line); Lake Erie Transportation Co.; the Wabash Line;

the Soo Line; the Lehigh Valley Transportation Co. That is all I recall.

Q. Are all those lines in the Association of the Lake Lines? A. I don't know; I don't handle those matters at all.

Q. Your line is in the Association of Lake Lines? A. We belong to the Lake Carriers Association.

Q. For what purpose was that Association organized? A. I can't tell you. We are members of it simply to get the benefits of their representatives at the different ports in case we are in trouble and want men. We go to the Association representative for men or anything of that sort.

By Commissioner Smith:

Q. They employ seamen for you and take care of such things as that? A. Yes, sir; I think what you refer to is what is called the Lake Line Association.

By Mr. Fairchild:

Q. Is there a Lake Line Association separate from the Lake Carriers Association? A. I could not swear.

Q. Do you understand there is? A. I understand there is a Lake Line Association.

Q. You don't represent the Company in the Lake Carriers Association? A. No, sir; I don't.

Q. The Union Steamboat Co., is that connected with any railroad? A. I think it is connected with the Erie Railroad.

Q. It is a line owned by the Erie Railroad? A. I don't know.

Q. The Union Transit Co? A. I don't know anything about that.

Q. You don't know whether that operates in connection with any railroad? A. No, sir.

Q. Do you know whether the Anchor Line is operated in connection with any railroad? A. I am not prepared to swear to those things.

Q. Is the Anchor Line Mr. Evans' Line? A. Mr. E. T. Evans is the manager.

Q. Who is the manager of the Union Steamboat Company? A. I think they have a superintendent. The railroad superintendent operates that; Mr. C. A. Brunn.

Q. And the Union Transit Co., who is the manager of that? A. Henry French, I think.

Q. The Western Transit Line, what railroad does that operate with? A. The New York Central, I think.

Q. Mr. Douglass is the manager? A. Yes, sir, I believe so.

Q. The Green Bay Line, what railroad does that operate with? A. I don't know that it operates with any particular one.

Q. The Lake Erie Transportation Company, what line does that operate with? A. I cannot tell you that. You will have to get that information from their manager.

Q. Can you tell about the Wabash and Soo lines? A. No, sir; I think they are all under one management here. I don't know what railroads they operate in connection with.

Q. Now will you describe what terminal facilities you have in Buffalo for the Lehigh Valley Transportation Company and the Lehigh Valley railroad. A. You mean freight houses?

Q. Yes, sir, extent and capacity. A. We have one freight house 300 feet long and 90 feet wide; another one 1,400 feet long and 90 feet wide. Two some 500 feet long each and 85 feet wide. In addition to that we have 24,000 feet of dockage and lake front, twenty-five per cent. of which is developed.

By Commissioner Smith:

Q. Is that sufficient for your business now? A. Our freight business?

Q. Yes, sir. A. It has apparently taken care of it so far as I know.

By Mr. Fairchild:

Q. Have you sufficient draft of water along that entire front that is developed to accommodate all the vessels that may come there, any lake vessel? A. At present, yes, sir. Do you want any details of our ore docks, etc.?

Q. Why, yes, sir. A. We have an ore dock 300 feet long, with a storage capacity of one-half million tons.

Q. You mean devoted exclusively to ore? A. Yes, sir.

Q. For how long has that dock of so much feet been devoted exclusively to ore? A. Ever since we have acquired the property there.

By Commissioner Smith:

Q. How long ago is that? A. I cannot tell you anything about the property. I have only been with the company six years.

Q. Is it longer ago than that? A. Yes, sir.

By Mr. Fairchild:

Q. Have you found that your ore shipments have increased to any great extent in the last two or three years? A. Yes, sir; they have this year particularly.

By Commissioner Smith:

Q. A steady growth? A. Yes, sir.

Q. Is it your idea that you have more extensive facilities in Buffalo than any other line? A. Freight house facilities and storage capacity?

Q. Yes, sir, and dock front. A. Yes, sir.

By Mr. Fairchild:

Q. Are you at all familiar with the lighterage management in New York of the Lehigh Valley railroad? A. No, sir.

Q. Mr. Kingston would also be able to tell that? A. I assume so; he is the general traffic manager.

WILLIAM A. WILSON.

WILLIAM A. WILSON, having been first duly sworn, testified as follows:

By Commissioner Smith:

Q. What is your name? A. William A. Wilson.

Q. What do you represent? A. Division agent, West Shore road.

By Mr. Fairchild:

Q. Does the West Shore operate with any freight line? A. Yes, sir; we operate with several of them: The Western Transit Company, the Anchor Line, the Soo Line and Lake Erie Transportation Company and the Cleveland and Buffalo Transportation Company.

Q. The Cleveland and Buffalo Transit Company? A. Yes, sir.

By Commissioner Smith:

Q. That is that new steamboat line, is it not? A. Yes, sir. We have regular interchanges with all these lines.

Q. Regular agreement? A. Yes, sir.

Q. Take the Union Transit Company, you say Union Transit Company? A. No, we have nothing to do with that.

Q. The Western Transit Company? A. Yes, sir.

Q. The Western Transit Company is the line owned and controlled by the New York Central railroad? A. Yes, sir.

Q. You have the same traffic arrangement with that line that the New York Central has? A. I could not say we have identically the same, I think we have.

Q. The Anchor Line, can you say what traffic arrangement you have with that line? A. No, sir, I could not.

Q. Who could? A. Mr. Francis LaBau.

Q. What is his title? A. General freight agent, West Shore railroad.

Q. Are his offices in New York? A. In the Grand Central Station.

By Mr. Fairchild:

Q. If the West Shore road desired to make special arrangements for the carrying of grain over its road to Boston with any shipper, would you be the man who would have charge of that arrangement? A. We publish a regular tariff rate, and any body who tries to ship by our road can do so. As far as I know, no general freight agent has authority to vary it.

Q. You have no authority to vary that? A. No, sir.

Q. You never have had authority to vary that in any one instance? A. No, sir.

Q. If the West Shore road desired to offer a special inducement to any one shipper of freight, that would not come under your charge at all? A. Not at all.

Q. Who would have charge of that, the same man? A. The general freight agent has complete control of everything pertaining to that. I am his subordinate; I must obey his orders.

Q. After he had made such an arrangement, would his instructions to you give you the information? A. Any arrangement he might make he would instruct his local agent here; he would carry it out.

By Commissioner Smith:

Q. For how long have you been here? A. Three years.

Q. Were you connected with the company in any other capacity before that? A. I have been Canadian agent for the past twenty years.

Q. Where were you located? A. At Toronto.

Q. And you have on no occasion received any instructions regarding any particular shipper that would indicate to your mind that special inducements had been made to him to take freight to Boston over your road? A. None whatever.

Q. How long has Mr. LaBau occupied his position? A. I think about six years; prior to that he was assistant general freight agent. He has been connected with the West Shore road for a long time.

Q. Do you know whether the Anchor Line has an exclusive arrangement with the West Shore railroad, or with one or more railroads? A. I don't know that they have.

Q. Have you any reason to believe they have? A. No.

Q. Have you ever heard that they had? A. No.

By Commissioner Smith:

Q. Do they do any business with any other railroad line in this port besides yours? A. I could not say. They work for the Buffalo Creek road, and anybody is in a position to go to them.

Q. From your observations have you ever seen that? A. Really I cannot say anything about the connection of the Anchor Line except what I know in connection with ourselves. I don't think we have any exclusive arrangement with them.

Q. Without any reference to local freight, with reference only to freight that comes to Buffalo, going west, have you ever known in recent years of any railroad other than the West Shore at this port sending their freight by the Anchor Line. A. Well, really, I could not say that; it would be something I am not in a position to know.

Q. You could say, whether you ever have known of it? A. No, sir; they might be doing a large percentage of business with other roads and it would not come to my knowledge at all.

Q. If they did a large percentage of business with any other road than the West Shore at this point you would know it? A. I would not; I might not know it.

Q. If they did a large percentage of business, although you might not know it, with a railroad other than the West Shore road you probably would have an intimation of it, would you not? A. I don't think so. Our west-bound business is so small in proportion to our east-bound business that the fact would not become apparent at all.

Q. Take the east-bound business, I will ask you the same question. A. I think the greater part of the east-bound business of the Anchor Line goes to the West Shore.

Q. Doesn't all of it that comes to this port? A. I am not in a position to say that. The Anchor Line is also a connection with the Pennsylvania Railroad Company.

Q. At Erie? A. Yes, sir.

Q. Have you ever known of any east-bound business coming to this port by the Anchor Line, going east by any other road than the West Shore? A. I have never known it.

Q. And with the large bulk of east-bound business you would be likely to know if it did? A. The great bulk of the east-bound business is grain and grain is free for all except where it goes into a railroad elevator. The Anchor Line runs to the Connect-

ing Terminal Company's elevator; it is a Buffalo Creek elevator and it is open to all. Any grain coming in there is free to anybody who wishes to get it.

Q. I now ask you as to the east-bound business, would you not be likely to have some intimation of it if east-bound business should go from here by another road than the West Shore road?

A. No, there is no reason why I should know it.

Q. My question is, whether it would be possible for any great amount of east-bound business, brought by the Anchor line, to go easterly by another road than the West Shore without you having some intimation of it or some suspicion of it? A. Our local agent would be in a better position to answer that than I. So far as I am concerned, I could not say. The Anchor line might bring a large proportion of freight and send it by another line and I not know of it.

Q. You do know that the Anchor line is a connection of the Pennsylvania road at Erie? A. Yes, sir.

Q. And that the Anchor line is a connection of the West Shore road at Buffalo? A. Yes, sir.

Q. And you don't know that the Anchor line has connection with any other road at Buffalo? A. I don't know it for a fact.

Q. Nor do you suspect any such thing? A. I would not be justified in answering that.

By Commissioner Smith:

Q. You are justified in saying whether you have an idea or suspicion. A. As I have said before, I have no reason to believe that we have any exclusive arrangement with the Anchor line. They may have a working arrangement with other roads identical with our own.

Q. If Mr. Evans has stated that the Anchor line has an exclusive arrangement with the West Shore road, that is probably correct? A. Mr. Evans is in a position to answer that question definitely.

Q. What is your traffic arrangement with the Lake Erie Transportation Co.? A. In what way do you mean? Of course, the

Lake Erie Transportation Co. is carrying west-bound freight principally for both the Soo line and the Wabash line; beyond that I really could not tell you.

Q. You mean the Soo Lake line? A. The Lake Erie Transportation Co. is with the Clover Leaf and Wabash, and handles the lake freight of both those roads now.

Q. That is the western terminus of the Lake line. A. The Lake Erie terminus is Toledo.

By Mr. Fairchild:

Q. Is there not a line known as the Soo line? A. The Soo line; yes, sir. It runs to Gladstone.

Q. And the Wabash line? A. Runs from Buffalo to Toledo.

Q. No farther? A. No farther. The Wabash line is entirely a Lake Erie transportation company. We know it as the Wabash or Clover Leaf line.

Q. When the former witness named the Lake Erie Transportation Co. as one line and the Wabash Co. as another line he was referring to one and the same line? A. That is my understanding. They had two lines last year, but this year they have only one. The Lake Erie Transportation Co. is the survivor.

Q. Is that also true of the Soo line? A. No, sir; that is a separate line. As I understand it, both are under one management.

Q. The Soo line and the Lake Erie Transportation Co.? A. Yes, sir.

Q. So, practically, when we are referring to the Lake Erie Transportation Co. we are referring to all three of those lines; the Lake Erie, the Wabash and the Soo line? A. I don't know that they are. They are, so far as the lake lines themselves are concerned.

Q. Now, with what railroad terminating in Buffalo does the Lake Erie Transportation Co. operate? A. I think they connect with any road.

Q. Is there any one road that they are more particularly connected with? A. The Lake Erie Transportation Co. represents both the Clover Leaf and Wabash, and any freight that is handled

east-bound is routed when it gets to them through some one or more roads east of Buffalo. I don't know that their relations extend to any one road. In fact, I am pretty sure that they connect with the Erie, Lackawanna, Lehigh Valley and West Shore. I am not positive about the New York Central.

Q. Do you know whether any of these lines would receive freight from any canal line other than their own canal line, where they have a canal line, on any other terms than local rate from Buffalo? A. That I could not say.

By Commissioner Smith:

Q. Who could say of your line? A. No one in this connection that I know of. We have no control over them. We are merely an ordinary connection. We are one of their many connections east of here. I don't believe there is any traffic arrangement.

By Mr. Fairchild:

Q. Has the West Shore a canal freight line? A. No, sir.

Q. None at all? A. None at all.

Q. Is not there a canal freight line that operates under the same management as the West Shore road? A. None whatever.

Q. The New York Central has a canal line, has it not? A. I am not aware that it has. I am not in a position to speak for them.

Q. Will you describe what the terminal facilities at Buffalo are of the West Shore railroad. A. Grain we handle from any Buffalo Creek elevator or at present from any New York Central elevator on the usual term. Our package freight chiefly comes to us either at the Ohio street station of the New York Central or at the connecting terminal, which is the Anchor line. Of course, we receive a great deal of freight that is teamed to us at our Carroll street station from other lines.

Q. My question is, more particularly, what are the through freight of the West Shore railroad? A. Do you refer to grain or package freight; do you mean eastbound?

Q. For both eastbound and westbound, and for package freight

as well as bulk freight, what are the facilities here possessed and controlled by the West Shore road? A. We have practically none that are controlled by ourselves, that are exclusively our own. We have the use of the Buffalo Creek elevators or the connecting terminal warehouse, where they also handle package freight. That is in common with those who use the Buffalo Creek road. The Buffalo Creek road is common to all roads in the city. We really have nothing exclusively.

Q. No freight houses of the West Shore here? A. None of our own; none whatever.

Q. Have you any that you use jointly with the New York Central? A. Yes, sir; in connection with the lake grain we have the Ohio street station.

By Commissioner Smith:

Q. What is the extent of your sheds there and water front? A. I could not say; Mr. Perkins, the general freight agent, is just behind me here and he will give you the information, no doubt.

CLINTON R. BERRY.

CLINTON R. BERRY, called as a witness, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Clinton R. Berry.

Q. Is this statement presented by you made out by you? A. Yes, sir.

Q. From the books of the C. J. Wells elevator? A. Yes, sir.

Q. And it shows correctly the disbursements on account of that elevator for the month of April, 1899? A. Yes, sir.

Q. And shows all the disbursements made during that month? A. Yes, sir.

Q. I notice an item of insurance paid April 6th, \$228.75. A. Our insurance comes along in that way; that does not amount to anything; I don't think the whole thing amounts to anything, because one month is no average by any means of what our expenses are.

Q. We have a statement of the other months. What is the average insurance paid per annum? A. I don't remember. The total amount is something like \$4,000, I think.

Q. The amount appearing in the per annum statement relating to the C. J. Wells elevator that we have here and which has been offered in evidence would indicate the average for each year? A. Yes, sir.

Q. That also would be true of taxes, would it not? A. Yes, sir.

(Statement offered and received in evidence and marked Exhibit No. 8 of September 26, 1899.)

EXHIBIT No. 8 OF SEPTEMBER 26, 1899.

ESTATE OF C. J. WELLS.

Disbursements for running expenses, including repairs for month of April, 1899.

April	1. Paid payroll	\$643 00
	6. Paid for rope, etc.....	30 37
	12. Paid for one barrel compound.....	53 55
	11. Paid for trip to Chicago.....	50 00
	20. Paid for testing scales.....	1 75
	31. Paid for repairs.....	305 52
Total.....		<hr/> \$1,084 19
April	6. Paid insurance (year).....	228 75
		<hr/> <hr/>

GEORGE J. ECKERT.

GEORGE J. ECKERT, having been first duly sworn, testified as follows:

By Commissioner Smith:

Q. What is your name? A. George J. Eckert.

Q. Who do you represent? A. Contracting freight agent of the Erie Railroad.

By M. Fairchild:

Q. How long have you been in that position? A. In my present capacity four years and a few days

Q. How long had you been with the Erie Railroad here prior to that time? A. December, 1893—December 6th, I think.

Q. What is the nature of your duties? A. Soliciting west-bound freight from Buffalo.

Q. Only relates, then, to local freight? A. Only relates to local freight.

Q. Can you state what, if any, lake line is owned by the Erie Railroad? A. The Union Steamboat Co.

Q. And Mr. C. A. Brown is the manager of that line? A. I think he is assistant general superintendent or general superintendent, yes, sir.

Q. Is Mr. Brown here? A. He is.

Q. Has the Erie Railroad a canal freight line? A. They have a canal line, as I understand it, yes, sir.

Q. It operates in connection with the freight line? A. The Union Steamboat Canal Line is the canal line, I think, they operate.

Q. And they bring freight to Buffalo that will go on the Union Steamboat Company's lake line? A. I understand so, yes, sir.

JOHN C. MACLAY.

J. C. MACLAY, having been first duly sworn, testified as follows:

By Commissioner Smith:

Q. What is your name? A. John C. Maclay.

By Mr. Fairchild:

Q. What is your business? A. I am an agent for two of the lake lines here and a canal line.

Q. Which of the the lake lines? A. The Minneapolis, St. Paul and Buffalo Steamship Co., known as the Soo line, and the Lake Erie Transportation Co., known as the Wabash lake line.

Q. What is the name of the canal line? A. The canal line is the American Transit Co.

Q. What railroad here at Buffalo does the Lake Erie Transpor-

tation Co. operate with? A. They are not controlled by any railroad here at Buffalo. They have connections with all the trunk lines except the New York Central—the Erie Railroad, the Lehigh Valley, the West Shore and the D., L. & W.

Q. Any others? A. No, sir; that is all.

Q. What railroads west of Buffalo are they connected with? A. They run in connection with the Wabash Railroad at Toledo.

Q. And the Soo line in connection with what? A. The Soo Railroad.

Q. Your statement regarding their connection here at Buffalo are entirely true of the Soo line? A. Yes, sir; the roads are the same.

Q. Where is the freight terminal of the American Transit Co. in New York? A. They receive freight at Pier 6, East River.

Q. And does that line bring through freight to Buffalo that comes by the lake lines? A. Yes, sir.

Q. To a considerable extent in proportion to the total business that it does? A. Yes, sir.

Q. What proportion of the business that comes to Buffalo by the canal line is through business and what proportion is the business local to Buffalo? A. It is practically all through business—very little local business; an occasional shipment.

Q. Would the lake lines under your management receive freight from any other canal line to go westward from Buffalo except at local rates from Buffalo? A. They receive it on through bills from New York—through tariffs to western ports and western destinations.

Q. Would it be possible for a New York man to ship freight from New York westerly from Buffalo on through freight bills to go by any canal line other than by your canal line and to also go by your lake lines? A. Not at present, no; we would not receive such freight from them.

Q. Has there ever been a time when you did receive such freight? A. Such freight has been received in former years.

Q. How long a time since you stopped receiving such freight? A. We have not received such freight since we had a canal line

of our own. Such freight would be in competition with our canal line and we would not take it for that reason.

Q. Then any freight coming to Buffalo destined west of Buffalo on any other canal line, when it arrived here at Buffalo to go by your lake line, would have to pay the local rate from Buffalo? A. It would unless it was some canal line we have an agreement with for through rates. The American Transit Co. is not the only canal line which operates in combination with these lake lines.

Q. From what canal lines do you receive freight upon the lake lines under your management other than the American Transit Co.? A. The Erie Boatmen's Transportation Co.

Q. Who is the manager of that? A. Wm. Cleary.

Q. What other lines? A. The Buffalo and Rochester Transit Co.

Q. Whose line is that? A. That is a line which runs between here and Rochester or between here and Syracuse. The manager is Mr. H. L. Chamberlain, of Buffalo.

Q. What other line? A. That is all.

Q. Those are the only two lines other than your own from which you receive freight at Buffalo going westerly at other than local rates at Buffalo? A. Yes, sir.

JOHN GORDON.

JOHN GORDON, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What is your business? A. I have been in the transportation business.

Q. Are you connected in an official capacity with any of the transportation companies? A. Not at the present time.

Q. Have you been? A. Yes, sir.

Q. What company was you last connected with? A. At the last I was operating a company of my own, the Great Lakes Steamship Company, for two years.

Q. Until when? A. Until this spring. Prior to that I was with the Northern Steamship Co.—manager of that corporation—and the Lehigh Valley Transportation Co., and half owner of the Union Transit Co. when it was organized.

Q. You were longest with the Lehigh Transportation Co., were you not? A. No; longest with the Anchor Line. I was with the Anchor Line fourteen years.

Q. Is the Great Lakes Transportation Co. in existence now? A. No, sir; the Great Lakes Transportation Co. was simply a trade-mark I was using. The company was for the purpose of connecting the Wisconsin road with the trunk lines east of Buffalo.

Q. You are quite familiar with the different lake lines and their connections? A. I think more so than any gentleman you have had before you; I have had thirty-five years of it.

Q. It has been stated that the Lehigh Valley Transportation Co. is one of the lake lines owned by the Lehigh Valley road? A. Yes, sir.

Q. And that it operates in connection with no other road from Buffalo than the Lehigh Valley road? A. That is all.

Q. And that the Union Steamboat Co. is owned by the Erie Railroad? A. Yes, sir.

Q. And operates in connection with no other road than the Erie? A. It operates in connection with the Lackawanna road this season, as well as the Erie.

Q. That is by reason of an arrangement between the Erie and the Lackawanna? A. Traffic arrangement assumed between the Erie railroad representing the Union Steamboat Company and the Lackawanna road.

Q. The Union Transit Company, what railroad, if any, does that operate with here at Buffalo? A. That operates with the Erie and Lehigh Valley and the Lackawanna, those three.

Q. Is it in any way in control of any one of those roads or all of them? A. When I was interested in it, it was not. What its relations to the Erie or the other roads are to-day, I don't know, if there are any relations other than traffic arrangements.

Q. You understand that there is a close traffic arrangement between those roads and the Union Steamboat Company? A. A traffic arrangement, whether it is anything more than a division of the rate, I don't know.

Q. An agreement that they operate in connection with each other and not otherwise? A. Yes, sir.

Q. The Anchor Line, that is not owned by any road here, is it? A. It is owned by a corporation organized under the laws of Pennsylvania and operates over the Pennsylvania railroad in the nature of a fast freight line. It used to connect here at Buffalo with the West Shore and did some business with the Buffalo, Rochester and Pittsburg.

Q. Do you know whether the same interests or whether any of the same interests in the Pennsylvania road are also in the Anchor Line Company? A. That I don't know. The Anchor Line is a pretty close corporation, owned in Philadelphia by the principal people in it. It used to be owned by Mr. Firth, Col. Potts, the Thau estate. William M. Thau used to be the president of the Pennsylvania lines west of Pittsburg. I think those are the largest interests.

Q. Who was Colonel Potts; was he at any time connected with the Pennsylvania west of Pittsburg system? A. A good many years ago.

By Commissioner Smith:

Q. How long has it been an estate? A. I think it has been an estate seven or eight years at least.

Q. And the Anchor Line operates in connection with no other road here at Buffalo than the West Shore? A. It does business with the Buffalo, Rochester & Pittsburgh, not any New York business; it does southern Pennsylvania business, coal business.

Q. So far as seaboard business is concerned it connects exclusively with the West Shore? A. I don't think it does anything with any line other than the West Shore.

Q. And the Western Transit Co., that is owned by the New York Central? A. I assume so.

Q. And does no seaboard business with any other road than the New York Central? A. Only the New York Central. I guess it exchanges business with the West Shore.

Q. What is the Green Bay Line? A. The Green Bay line is a line connecting the Lackawanna with Green Bay and Winona, Minnesota, I think. Some western road, I don't remember the title of it.

Q. Is it owned by the western road or by the D. L. & W.? A. No; the boats making up the Green Bay Line are owned by Captain Drake, I think they are chartered boats.

Q. They are operated for the purpose of being a connecting link between that western road and the D. L. & W.? A. That is all.

Q. And for no other purpose except for local freight? A. That is all.

Q. You heard the testimony given here by the Lake Erie Transportation Co. and the Soo Line. No doubt that conforms to the facts that were given by the manager of those lines, who would know? A. Yes.

Q. Are there any lines on the lakes other than those mentioned? A. That engage in package business?

Q. Yes, sir; seaboard business? A. There is a line operating from Chicago and Fairport, which does some business?

Q. I mean at Buffalo? A. No; these are the only ones.

Q. Now, the line operated from Chicago to Fairport, what line is that? A. That is the Fleming Line.

Q. Is that a Baltimore & Ohio line? A. It is a Baltimore & Ohio line. I assume that they do a New York business as well as Baltimore.

Q. Is it owned by the Baltimore & Ohio? A. No; it is owned in the same way that this Green Bay line is owned.

Q. It is a connecting link between the Baltimore & Ohio and western roads? A. Yes, sir.

Q. Is there any line on the lakes that has to do with seaboard western business? A. Well, there is the Wilson Line, that is the line that runs from Monitowoc to Buffalo, the Wilson Transit Company.

Q. They charter boats to do that? A. No; they own boats.

Q. And do they operate in connection with any railroad? A. They operate in connection with the Lackawanna and Lehigh Valley.

Q. Exclusively? A. Yes, sir.

Q. And they exist for that purpose? A. Yes, sir.

Q. Any other line? A. That is all.

Q. Now, are you acquainted with the different canal lines operating between New York and Buffalo on through freight? A. Yes, sir.

Q. Can you give me the name of each one that operates between New York and Buffalo? A. The American Transit Co. in connection with the Soo Line and the Lake Erie Transportation Co. and the Union Steamboat Canal Line.

Q. That is with the Union Steamboat Co., the Erie Co.? A. Yes, sir.

Q. Any other? A. The Inland Transportation Co.

Q. You know who are the owners of the Inland Transportation Co.? A. Mr. Stillwell is the owner.

Q. What else? A. Erie Boatmen's Transportation Co.

Q. That is Mr. Cleary's? A. I don't know.

Q. Is that all? A. There is another line owned by the New York Central, the Western Transit Co. The Western States line, is the Anchor Line connection.

Q. Each one of these canal lines have their own special connections, have they not, with the exception of the Inland Transportation Co.? A. Well, they have connections, the Inland Transportation Co.

Q. What are their connections? A. The connection of the Inland Transportation Co. on Chicago business is the Ogdensburg Transportation Co. The Ogdensburg Transportation Co. comes in here at Buffalo and takes their westbound business.

Q. Is that another lake line in addition to those you have mentioned? A. It is not a lake line that delivers to Buffalo, it only takes it away from this Inland Transportation Co.

Q. Is that all the business it gets at Buffalo? A. I think that is all it gets.

Q. Is this the eastern terminus of that line? A. The eastern terminus is Ogdensburg.

Q. How long has that arrangement existed? A. Only this season.

Q. And prior to this season that Ogdensburg line did not stop at Buffalo? A. I don't know whether they are stopping here now or not. That is an arrangement he made after the opening of navigation. The boats have made several departures from here, taking his freight, and I assume they are operating in the same way since.

Q. Prior to that arrangement with Stillwell's line, that lake line, the Ogdensburg did not stop at Buffalo? A. It did not stop here.

Q. Since then they have only stopped here in connection with their arrangement with Mr. Stillwell's line? A. Yes, sir.

Q. Do you know what the facts were leading up to Mr. Stillwell's making an arrangement with a line other than at Buffalo to stop here to get his freight? A. Nothing, only a matter of gossip. Stillwell's has always been looked upon as an outside line, and he always had to make a special arrangement every season with some of these lines to take care of his business after it reached Buffalo. He dealt a great many years with the Lehigh Valley Transportation Company. The Anchor line has taken business from him to Lake Michigan. At times when rate tariffs were maintained they would take business from Stillwell. When Stillwell was cutting rates they would boycott.

Q. It is your understanding that the time came when these lines doing business westerly from Buffalo refused to take Mr. Stillwell's freight? A. Yes, sir; several times.

Q. And that finally resulted in Mr. Stillwell being unable to get his freight carried west from Buffalo until he had succeeded in inducing a line that did not stop at Buffalo to stop here and get his freight? A. That is his statement this season. What action these lines took in 1899 at the opening of navigation I don't know. The only thing I know is that Stillwell made this arrangement with the Ogdensburg Transportation Company to

call after his freight. Whether any of these other lines took any of his freight to Lake Michigan or not, I don't know.

Q. What is your understanding? A. I have no understanding about it, for the reason that I have not seen Stillwell to talk to him in a long time.

Q. Do you know whether it is or is not the custom of these lake lines to refuse freight from any canal line, excepting the one with which they operate, below the local rate, westerly from Buffalo? A. Yes, sir.

Q. That is a fact? A. Yes, sir.

By Commissioner Smith:

Q. If they maintained rates and if independent boatmen or an independent line should bring package freight here, maintaining the rate, do you think it would be taken and prorated? A. I suppose there might be some obstacles in the way, but I think it would ultimately come out all right.

Q. Prorate as to freight? A. If it is according to tariff; yes, sir.

Q. Then you think independent lines might be established and recognized by the lake lines if they maintained a tariff on canal lines? A. Not as broad as that. Stillwell is looked upon as an existing evil and they will take care of him.

Q. When he maintains rates? A. If you were going to multiply and elaborate Stillwell, you would meet with some obstacles in getting business west of Buffalo.

Q. In your judgment, would obstacles be interposed to prevent the carrying of that freight west of Buffalo? A. Yes, sir.

Q. You believe they would? A. Yes, sir.

By Mr. Fairchild:

Q. You think if Mr. Stillwell agreed to act with these lake lines and maintained the rates from New York, as do these other lines from New York, even though he is considered an existing evil, they might take freight from him? A. They have always done so.

Q. But when he lowers his freight rate from New York to Buffalo, then they decline to take any freight from him——

By Commissioner Smith:

Q. Excepting at local rates? A. Yes, sir.

By Mr. Fairchild:

Q. Is it then your knowledge that there are two separate organizations among the lake lines, one called the Lake Carriers' Association and the other the Lake Line Association? A. Yes, sir.

Q. And these different lines belong to each of those associations? A. The Lake Carriers' Association is an organization that was first gotten up for the purpose of looking after the aids to navigation with the lakes, seeing that the shoal spots were lighted and buoyed, and to look after, in Congress, any adverse legislation to lake interests.

By Commissioner Smith:

Q. And favorable legislation? A. Yes, sir; and more particularly to adverse legislation, for the reason that there is continually coming up a bill of some kind suggesting that they should have a new kind of life preserver or a new life boat; things of that kind which are expensive.

Q. Then there is included in that association lines that operate upon the lakes irrespective of what ports they operate to? A. I don't think in a binding way at all. Some of the lines have paid a toll to the Lake Carriers' Association, others have never paid anything to it.

Q. What is the Lake Line Association? A. The Lake Line Association is an association of lines that have connections with the trunk lines here.

Q. At Buffalo? A. At Buffalo.

Q. And include no others? A. Include no others.

By Commissioner Smith:

Q. Excepting canal lines? A. Excepting the canal lines, the canal lines being part of the lake lines.

Q. A part of the railroad lines? A. Yes, sir.

By Mr. Fairchild:

Q. Then what lake lines that you have mentioned belong to the Lake Line Association? A. I think all of them; yes, sir.

Q. As an association they have close connection with all the trunk lines, as a body, have they? A. They are in close touch with them.

Q. What is the object, if you know, of the Lake Line Association? A. The object of the Lake Line Association is the maintenance of rates between the different lines, a statistical proposition, that is about all.

Q. Have you any suggestion to make whereby the business between Buffalo and New York could be promoted by legislation that this Commission could recommend? A. I hardly know, Mr. Chairman, the object of the question. I don't understand the question.

Q. The Commission was appointed to examine into the state of New York's commerce, the cause of its decline, and to recommend remedies for its revival. To the extent that the traffic coming to Buffalo is diverted to ports other than New York, or that tariff that might come to New York and does not; have you any suggestions to make to this Commission which it could incorporate in legislative acts or bills to carry out legislative remedy? A. No, sir; I do not think I have.

Q. You think the business is now being managed about as successfully between New York and Buffalo by rail and canal as it could be? A. By rail and canal, I don't know; I think it would be a matter of opinion.

Q. Have you any ideas you would like to offer in the way of improving the canal? A. No; I have not.

Q. No fixed ideas? A. No, sir.

Q. Do you believe the canal should be further improved? A. Yes, sir.

Q. Do you believe it is a factor in regulating freight rates? A. It might be made a factor, a greater factor than it is to-day.

Q. Do you think that terminals at Buffalo and at New York for the accommodation of canal traffic in the way, for instance,

of package freight, would increase the commerce of this State? A. Well, I don't know that it would increase the commerce of the State. It would divide the business through the State. It would divide the business between the rail and the canal.

Q. You think it would have the effect of reducing rates by dividing the business? A. I think so. Of course, there would be a great deal to go with those. Terminals in New York and terminals in Buffalo would only be a part of what would be necessary for that.

Q. What else would you suggest would be necessary? A. There would have to be organization.

Q. A better organization of the canal business? A. Yes, sir, an organization of the canal business. There is no organization now oneastbound. This canal business we have been discussing is all a westbound proposition.

Q. How long have you been connected with Buffalo commerce? A. About thirty-five years.

Q. Don't you recall canal lines that were put in existence and have failed, for instance, the Planet line? A. I don't think the Planet line ever failed.

Q. It became unprofitable? A. For the reason that the Planet line was a line that was owned and operated by the Anchor line. It was not an independent line.

By Mr. Fairchild:

Q. Never was? A. Never was. The Anchor line built the Planet line and operated it, and sold it out for the reason I assume that they found that they could do the business just as well by individual canal boats without having any investment in a line——

A. (To Commissioner Smith.) Or perhaps better.

By Commissioner Smith:

Q. Would not that, to your idea, discourage the idea of large organizations? A. My recollection of the Planet line is—I represented the Anchor line in Chicago when they went into existence—is that, in the first place, it was a grain proposition east of

Buffalo, a connection with the Lake bulk line and a coal proposition west for these canal boats. It never worked very well for the reason that they could use the canal boats more profitably on a local proposition between Buffalo and New York, and take the individual canal boats on the other proposition.

P. W. BONE.

P. W. BONE, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. Your residence is Buffalo? A. Yes, sir.

Q. What is your business? A. I am connected with the Wilson Transit Company.

Q. That is the line that operates in connection with the Lackawanna and Lehigh Valley railroads? A. Yes, sir.

Q. And its business, except local business, is confined exclusively to the operations of these two railroads? A. Almost entirely. There is a little bit that comes from the other railroads, but nothing to speak of.

Q. Do you take any business that comes by the canal lines at all? A. Only from these railroads. We have taken two or three canal boat loads of stuff from some concern—I cannot tell the name now. It came to them and they turned it over to us for transportation. That was some little time ago.

Q. If any freight came by any canal line, except as it is brought by your railroad line to your lake line, you would not take it west except at the local Buffalo rates? A. No, sir.

Q. Do you know of any lake lines west of Buffalo that would take such freight? A. No, sir, I do not.

HENRY S. PERKINS.

HENRY S. PERKINS, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. Do you reside in Buffalo? A. Yes, sir.

Q. And what is your business? A. Local freight agent for the New York Central railroad at Ohio street.

Q. The New York Central railroad has also a canal line that terminates here in Buffalo from New York? A. Well, I don't know what you mean by a canal line.

Q. I mean a freight line; I don't mean an owner of boats, but a freight line? A. There is the Western Transit Company which is owned by the New York Central, which has connections with canal freight boats.

By Commissioner Smith:

Q. Under what management? A. Under the management of the Western Transit Company?

Q. Isn't there any other organization in New York city? A. I could not tell you, sir.

By Mr. Fairchild: .

Q. Do you know anything about the operation of that line? A. I am agent for it.

Q. Will that line receive any freight destined to go west of Buffalo from New York, other than freight that would come by their own canal line? A. I don't think any was ever offered them. The question has never risen to me.

Q. If it was offered would you receive it at other than local Buffalo rates? A. Not without instructions.

Q. But you would not take it at other than local rates without further instructions? A. Not without further instructions. There is no arrangement for that now. We have never had any offered, and no occasion to bring up the matter.

Q. Do you know that no offer has ever been made through the managers of the railroad companies? A. No, sir, I am only talking of handling that freight here. I know nothing about the arrangements in New York.

Q. You mean by that that no piece of freight has ever been brought to you and handed to you. A. Yes, sir.

By Commissioner Smith:

Q. Are you a member of this Lake Lines Association? A. The Western Transit Company you mean?

Q. Yes, sir. A. The Western Transit Company I understand is a member.

Q. Are you the representative in that association? A. No, sir. Mr. Douglass would be the representative. I am only the agent.

By Mr. Fairchild:

Q. Do you know any lake line that would receive such freight? A. I do not know anything about it. The question has never been raised.

Q. You have never heard of its being raised? A. No, sir.

Q. Are you acquainted with Mr. Stillwell? A. No, sir.

Q. Do you know the Inland Transportation Company? A. No, sir.

Q. Are you acquainted with the fact that during this season the Ogdensburg line has been at times having its boats stop here and get freight? A. No, sir.

Q. Will you describe the extent of your terminals at Buffalo, owned or controlled by the New York Central railroad? A. The New York Central has a freight house 517 feet long, and another one adjoining it 242 feet long for east bound freight, and one 462 feet long for west bound freight.

Q. Where are they located? A. At Ohio street between Ohio street and the dock.

Q. What is the extent of their water front dockage? A. 1,200 feet, and then it has a 300 foot elevator dock.

Q. That is the extent of it? A. Yes, sir, except that the Western Company has a dock of their own across on the other side of the creek.

Q. How large is that? A. I could not give you the dimensions. The slip is probably 400 feet and the creek front probably 300 feet.

Q. Have they storage capacity there? A. They had the town house there.

Q. Just for the local business of Buffalo? A. Yes, sir.

By Commissioner Smith:

Q. Do the accommodations that you have meet all the demands of your traffic? A. Well, there are times when they strain them, and there are times when they are adequate. I might say, yes, sir.

Q. Have you increased them lately to any extent? A. Not since I have been agent at that station.

Q. How long is that? A. Since July 1, 1895.

CHARLES A. BRUNN.

CHARLES A. BRUNN, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo, Mr. Brunn? A. Yes, sir.

Q. And your business is what? A. I am superintendent of the Erie railroad at Buffalo.

Q. Have you any connection with the Union Steamboat Company? A. Yes, sir; I am assistant general superintendent of the Union Steamboat Company, also.

Q. And the Erie road and the Union Steamboat Company operate in conjunction with each other? A. The Erie road operates the lake line known as the Union Steamboat line. It is not a separate corporation. It is part and parcel of the Erie railroad.

Q. Now, does the Erie road operate a canal line? A. Yes, sir; known as the Union Steamboat Canal line.

Q. Are you an officer of that line? A. No, sir.

Q. Whatever business is transacted between these lines would go through your hands? A. The handling business; yes, sir. The transferring.

Q. Does the Erie Lake line and the Union Steamboat Company receive freight from any other canal line than the Union Steamboat Canal line? A. It has; yes, sir.

Q. Does it now? A. I know of no arrangement now whereby it is taking any.

Q. How long a time is it since it has received freight from other canal lines? A. Four or five months.

Q. It has received freight from other lines this year? A. Yes, sir.

Q. What other lines? A. The Erie Boatmen's Association and the American Transit Canal line, I think.

Q. Any other line? A. That is all that I have any knowledge of.

Q. Have they received any freight from the Inland Transportation Company this year? A. Not to my knowledge.

Q. Would they, if it was offered, handle it at other than the local Buffalo rate? A. Not without some prior arrangement having been made.

Q. If you were asked to by the owner of the Inland Transportation Company line, would you make an arrangement with him to pro rate? A. That is not within my province. I have nothing to do with the making of rates or soliciting of business. I simply operate the line. We have a traffic department that secures the business.

By Commissioner Smith:

Q. Who has charge of that? A. Mr. H. B. Chamberlain. He is assistant general traffic manager of the Erie road.

Q. Where is he located? A. In New York city. His jurisdiction extends over the Union Steamboat Company and the Union Steamboat Company canal line.

Q. Is he at No. 21 Cortlandt street? A. Yes, sir.

Q. What is the extent of your facilities, your accommodations for freight? A. We have two east bound houses and one west bound house on Buffalo creek.

Q. What is the extent of them, the dock front and capacity? A. The east bound house is 530 feet long and 100 feet wide, with sheds 30 feet wide in front. The house is also a double floor house—as we call it, a double deck house. The upper floor is used in times of congestion. We have one on the south side of Buffalo creek 700 feet long and 175 feet wide. It is also a double deck storage house. Then we have what is called our west bound house on the north side of the creek. It is 230 feet long by 140 feet wide on the average. It is irregular in shape.

Q. Does the length of the sheds define the dock accommodations that you have for vessels there? A. Yes, sir.

Q. It is only on one side that they are accommodated? A. Only on one side.

Q. In slips? A. We have a small slip—it does not amount to anything—at one of the houses.

Q. Have you sufficient accommodations for the business that is offered you? A. Yes, sir.

Q. Have you recently increased them to any extent? A. Yes, sir. We added the 450 foot Ganser street house two years ago.

Q. To accommodate your increased business? A. Yes, sir.

By Mr. Fairchild:

Q. When you have received freight from the Erie Boatmen's Transportation Company, is the arrangement for receiving that freight made, so far as the Erie road is concerned, here in Buffalo or in New York? A. In New York.

Q. Is the arrangement that is made by the Erie Railroad Company in New York made with the shipper or is it made with the transportation company? A. I don't quite get your question.

Q. Where such a freight arrangement was made in New York was it a case of the Erie Boatmen's Transportation Company securing the freight from the shipper and then making arrangements with the Erie Railroad Company whereby, on arrival in Buffalo, it would be taken on your line, or was it the case of the Erie Railroad Company receiving the freight from the shipper and making an arrangement with the Erie Boatmen's Transportation Company to carry it to Buffalo by their line? A. As I understand it, the business was secured by an outside canal line, who had arrangements with the Erie Boatmen's Association to carry freight to Buffalo and deliver it to the Union Steamboat line.

Q. What connection was there between the outside canal line and the Erie railroad? A. There was nothing between the canal line and the Erie railroad.

Q. Who made the arrangements with the Erie Railroad Company in New York? A. It was made between the parties who solicited the business and the Erie railroad.

Q. That was this outside canal line? A. No, sir.

Q. Who solicited the business? A. The Lackawanna railroad.

Q. Then is it true that in the case of all freight that you have received from the Erie Boatmen's Transportation Company the business was solicited in New York by the Lackawanna railroad and shipped by the Erie Boatmen's Transportation Company canal line, under an arrangement between the Lackawanna railroad and the Erie railroad, whereby the freight, when it arrived here, would be taken by your line? A. Yes, sir.

Q. Was there any other instance where you received freight from the Erie Boatmen's Transportation Company than in the manner you have just described? A. I cannot answer that. This is a case that I have particular knowledge of.

Q. You have no knowledge of receiving freight from the Erie Boatmen's Transportation Company under any other condition? A. No, sir.

By Commissioner Smith:

Q. Anything that comes to you from the Erie Boatmen's Transportation Company you accept? A. We would not refuse it.

By Mr. Fairchild:

Q. Would you pro rate with them? A. I could not answer that. I have nothing to do with rates.

Q. Unless you had already received instructions different from any you now have, if to-morrow freight should be offered you by the Erie Boatmen's Transportation Company, you would refuse it except at the Buffalo local rate? A. Unless there was some prior agreement made to receive it on a pro rate basis.

Q. Made with you or with the Erie Railroad Company? A. Yes, sir.

Q. And no such arrangement now exists? A. I cannot say as to that.

Q. You have not been informed of any? A. I have no personal knowledge of any deal between them at present—that is, no arrangement between them at the present time.

Q. Of course they would not make any such arrangement with-

out giving you proper information, so that you could know it? A. Those instructions are often given direct to the local agents, and unless there should be an extraordinary volume of business to move they would not call my attention to it, but they would issue their instructions direct to the local agents.

Q. If they entered into any arrangement that was to continue for any length of time they would inform you of it? A. Not necessarily.

Q. You would not receive freight from that line unless you had received instruction? A. The agent would receive instructions, and would receive them without my knowledge, in some instances.

Q. And would transmit those instructions to you? A. No, sir, not necessarily.

Q. You would not receive that freight unless you had received advice from somebody? A. If I was in direct charge of the transfer I should not do it, of course, but the agent receives instructions direct from the traffic department as to any arrangements that are made between the canal line and the railroads and the Union Steamboat Line.

Q. The Buffalo agent? A. Yes, sir.

Q. Who is he? A. W. J. Batty.

By Commissioner Smith:

Q. Do you want me to understand that there is no permanent arrangement whereby you receive freight consigned to you by the Erie Boatmen's Transportation Company? A. No, sir, not to my knowledge.

Q. You are not handling freight for them at this time? A. No, sir, not to my knowledge.

W. C. FARRINGTON.

W. C. FARRINGTON, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. Do you reside in Buffalo? A. Yes, sir.

Q. What is your business? A. Elevator and transportation.

Q. You are connected with what elevator? A. The Great Northern Elevator Company.

Q. What is your official relation with that company? A. president.

Q. President of the elevator company? A. Yes, sir.

Q. Have you brought with you the accounts called for in subpoena served upon you? A. I have brought with me a statement. My chief clerk was subpoenaed yesterday to be here and he came back and gave me a memorandum of what you wanted. Since I came this afternoon I have read the subpoena and find that you want the information for the entire three years. His memorandum said you wanted figures from April 1st to July 31, 1899.

Q. I did tell him over the telephone that if you brought the information that we did want for that period you would be excused from troubling yourself for the other years. A. I can give you that.

Q. Will you state by items such as you have taken from your books what the expenses of your elevator were from April 1 to July 31, 1899? A. \$20,053.29.

Q. That is the total disbursements? A. Yes, sir.

Q. Have you the items making up that total? A. No, sir, I have not.

Q. You do not know how much of that is insurance? A. No, but I can tell you pretty nearly. It is about \$500 I should think. That is the four months' proportion of the year. The year would be \$1,500. I told him to make up the figures so that they would be proportionate for the year for the months that you asked for.

Q. The statement you are now making is based upon that kind of calculation? A. Yes, sir.

Q. And that statement would apply also to the question of taxes? A. Yes, sir. Taxes and insurance.

Q. Now, what are the total receipts for the same period? A. The total receipts are \$31,844.56.

Q. How much of that is from sources other than your dividends in the Western Elevating Association? A. Well, there is a mis-

cellaneous item of \$596.90. That is from the sale of damaged grain or anything like that that we might dispose of in the elevator that we had to settle for on claims and had left over and sold it. And insurance, \$247.66. That was the profit over and above what we got for insurance on grain during that time. Those are the only two items.

Q. Have you items there showing the cost of the elevator plant?

A. The cost of the elevator plant I cannot give you, because it was built by the Great Northern Railway Company, and because the accounts of those expenditures are in St. Paul in the hands of the comptroller of the railway company. After the elevator was built it was turned over to the Great Northern Elevator Company, of which I am president. I had nothing to do with the construction.

Q. Is it your experience then that you can make a profit at the present rate of elevation, one-half cent a bushel? A. A slight profit. I have it figured out for a bushel, if you would like to have it. The average receipts per bushel are .41c.

By Commissioner Smith:

Q. That is the actual cost to you? A. No, sir, the receipts per bushel. The expenses were about .26c. per bushel, leaving a net of .15c. a bushel.

Mr. Fairchild:

Q. On how many bushels of grain? A. On the total number of bushels received from April 1 to July 31, 1899, 7,760,658 bushels, and we forwarded during the same time 6,604,197 bushels. The last item, of course, we do not get anything for, because the price of half a cent a bushel takes it into the house and puts it out again.

Q. Have you any figures there bearing on that subject? A. No, sir, there are some figures here which I had for my personal information, approximate figures. They do not cut any figure. I had the capital stock of the company down here.

Q. What is the capital stock of the company? A. \$1,500,000.

Q. Do you know whether there have been any dividends declared on that? A. No, sir, there have not. Our business has not been profitable for the past few years.

By Commissioner Smith:

Q. How long were you in operation in 1897? A. We began elevating grain September 21st.

Q. You put in about three months? A. Yes, sir, but we are in a disabled condition, for the elevator was only about one-third finished. It was more for experimental purposes.

By Mr. Fairchild:

Q. In 1898 there was a rate war here in Buffalo? A. Yes, sir.

STEWART MURRAY.

STEWART MURRAY, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What is your business? A. Agent, freight agent of the Northern Steamship Company.

Q. That line is connected with the Great Northern railway? A. Yes, sir.

Q. And it operates only in connection with that road in the west? A. We have traffic arrangements with other roads.

Q. Here in Buffalo? A. No, in the west.

Q. But particularly it is a connecting link between the Great Northern and the railways centered here in Buffalo? A. Yes, sir.

Q. With what lines does it operate here in Buffalo? A. With the Erie railway, the Lehigh valley, the Lackawanna and the West Shore.

Q. Have you now stated all? A. These are all the railways.

Q. Have you done any business with any canal lines? A. Yes, sir.

Q. With the railroad canal lines? A. Yes, sir.

Q. Have you done any business with any other canal lines than railroad canal lines? A. Yes, sir.

Q. What other lines? A. The Inland Transportation Despatch; we are now doing business with them.

Q. For how long have you done business with them? A. Ever since I have been with the company in 1892.

Q. Without intermission? A. Yes, sir.

Q. Do you pro rate with them on freight? A. Yes, sir.

Q. Do you know of any other lake line that does that? A. I do not.

Q. Do you do much freighting for them? A. We don't get but a little canal freight from any of them.

Q. Have you ever heard of any other lines refusing to take freight from that line? A. I cannot say that I have. I haven't heard of Mr. Stillwell's tendering any.

Q. You are acquainted with the owner of the line, Mr. Stillwell? A. Very well, yes, sir.

Q. Have you heard him complain because they had refused to take freight from him. A. I cannot say that I have ever heard him complain because of their refusing to take freight from him. I have not heard him say that he has tendered them any.

Q. Have you ever heard him complain because they will not take freight from him? A. Yes, sir, I have.

By Commissioner Smith:

Q. What accommodations have you here for the transaction of your business? A. We have a warehouse on the Blackwell canal, Gansen street.

Q. How extensive? A. About 1,000 feet in length.

Q. How long has it been constructed? A. It was completed in the fall of 1896. If my recollection serves me right, early in the fall.

Q. You have 1,000 feet of water front to accommodate shipping that comes there? A. Yes, sir.

Q. You own ships? A. Yes, sir.

Q. If other lines operating on the canals, or individuals operat-

ing on the canal were to offer you freight, would you accept it and pro rate with them? A. No, sir. We would apply our local rates from Buffalo.

Q. You would not pro rate? A. No, sir, not without starting in on the season with an agreement the same as we have with the Inland Transportation Company.

Q. You would want an agreement first with any boat or any line of boats? A. Yes, sir.

Q. Have you stated all the warehouse capacity that you have? A. Yes, sir.

PETER C. DOYLE.

PETER C. DOYLE, being duly sworn by the commissioner, testified as follows:

By Mr. Fairchild:

Q. You reside in Buffalo? A. Yes, sir.

Q. What is your business? A. I am agent, freight agent of the Lehigh Valley Railroad Company. I do not have anything to do with the boat business at all.

Q. Nothing at all? A. No, sir.

Q. Do you know anything about the canal lines? A. No, sir, that is out of my territory.

By Commissioner Smith:

Q. What are your duties? A. Just getting freight here in Buffalo, freight business from the west and all over.

By Mr. Fairchild:

Q. Just locally from Buffalo? A. No, sir; I get freight for the West Shore that goes to New York.

Q. You do not represent your road in any lake line association? A. No, sir.

By Mr. Fairchild:

Q. Do you ever have anything to do with other freight? A. I do with rail freight.

Q. Nothing else? A. No, sir.

The Commission here took a recess until 5 p. m.

BUFFALO, N. Y., *September 26, 1899.*

Pursuant to adjournment, Commissioner Smith called the hearing to order at 5 o'clock p. m.

E. T. EVANS.

E. T. EVANS, who had been excused until this hearing, appeared; but was excused until a later date, when he will be heard in New York.

GIBSON L. DOUGLAS (recalled).

GIBSON L. DOUGLAS, recalled, testified as follows:

By Mr. Fairchild:

Q. Have you got the figures for your elevator? A. No; you know you were to get those from the Comptroller.

Q. What are your official relations with the Western Transit Company? A. You mean my position?

Q. Yes, sir. A. I am vice-president and general manager.

Q. Do you hold any official position with the New York Central Railroad Company, other than being vice-president and general manager of the Western Transit Company? A. No, sir.

Q. Do you hold any official position with the canal line that is operated by the New York Central Railroad Company? A. That is us. We operate that.

Q. The canal line is operated directly by the Western Transit Company? A. Yes, sir; that is the name of the canal line.

Q. It is a freight line? A. Strictly freight.

Q. Where is the terminal in New York city of that canal line? A. New pier 6, East River. It used to be pier 7, now it is new pier 6.

Q. That is one of the piers known as the canal piers? A. Yes, sir.

Q. Does your lake line take any business west-bound from any canal line other than your own? A. Except this way canal line, this Buffalo and Rochester Transportation Company. We take from them.

Q. But from no other canal line coming from New York? A. No, sir.

Q. You would refuse freight from any line that was offered to you other than your own coming from New York? A. Oh, yes.

Q. Have you ever taken freight from any canal line from New York other than your own? A. Not that I remember of.

Q. How long ago was it when you severed your connection with the Lighterage Department of the New York Central Railroad Company? A. I have been here two years and a half. I came here in January, 1897.

Q. Who succeeded you there? A. A man named Alfred Skitt.

Q. Does he still keep the position? A. No, sir.

Q. Who succeeded him? A. W. B. Pollock.

Q. Were books kept in your department showing the expense of operating the lighterage system of the New York Central Railroad Company? A. Yes, sir.

Q. Those books would show both the disbursements and the receipts at the rate of three cents per hundred pounds? A. No. Now the head bookkeeper, you know, is always up at the depot. The Comptroller is the accountant for the Lighterage Company and for the Western Transit Company. The Lighterage Company worked just about as we do in regard to the expenses, as I told you yesterday. The railroad purchasing agent bought our supplies and they would come down to the store and be checked and then the purchasing agent would make out a voucher. That went to the Lighterage Company's office with the storekeeper's check and was audited by the Lighterage Company, and sent back to the purchasing agent, who would pass it on for payment. I do not think the Lighterage Company would have any detail of their expenses in that way.

Q. They would have no books in their own office? A. No, sir; not regular books. It would be a sort of transcript like. All the regular books were kept up at the depot.

Q. Was an endeavor made to ascertain how much loss or how much profit was made by the operation of the New York Central lighters? A. I could not tell you that.

Q. The only complete books of account relating to the lighterage system were kept in the auditor's department? A. In the Comptroller's department. The Comptroller has charge of all accounts.

Q. As you understand it, he would keep separate accounts with the Lighterage Company? A. I do not know. You see the Lighterage Company, is a department; it is not a company.

By Commissioner Smith:

Q. Was it always a department? A. Yes, sir, ever since they bought Starin out.

By Mr. Fairchild:

Q. How long ago was that? A. I do not know, along about 1882 or 1883, somewhere along there.

Q. Could there be any such instance as a check being given, signed by the New York Central Lighterage Company, or Lighterage Department upon an account that related only to the Lighterage Department? A. Now there were little incidental expenses—I am speaking now of when I was there, I do not know how it is now—that we would have a contingent fund for. There was certain labor that we would pay right in the office. The captain would hire a man to take off a car load or a boat load of freight, as the case might be, and he might send this man direct to the office with tickets for the labor. That would be paid out of the contingent fund. Then when a certain number of such bills, we might pay a spot tow bill, or anything that had to be paid on the spot, had been accumulated, they would be made into a voucher and we would send them to the depot, duly receipted, and they would return us that amount of money, which would keep the contingent fund always just the same. That ended the transaction as far as that office was concerned.

Q. That contingent fund was kept in a bank account? A. Yes, sir; in my name.

Q. So the checks would be signed by you? A. Yes, sir.

Q. There would be no instance where a check would be given

out signed by the New York Central Lighterage Department or Lighterage Company? A. No, I do not think so.

Q. Or by any name including the word "Lighterage?" A. I do not remember. It would not be in the regular way of business and I do not remember any such thing.

By Commissioner Smith:

Q. Were you the only man connected with that department who issued checks in payment for services rendered? A. Yes, sir. That is, as far as these little things were concerned. All big bills were paid by the treasurer.

Q. Would he issue checks, for that service, in the name of the New York Central Lighterage Company? A. I do not think he would. If I remember right they were all New York Central checks.

By Mr. Fairchild:

Q. How does the New York Central Railroad Company ascertain whether the operation of any one department of that company shows a profit or a loss? A. I do not know. You will have to ask the Comptroller.

Q. You do not know whether they endeavor to show that? A. No, sir; I do not.

Q. You do not know whether any effort was made during the time you were manager of the Lighterage Department to ascertain whether the operation of the Lighterage Department showed a loss or a profit? A. Why, I think only just as I might figure it out for myself for my own convenience, about how the thing was running.

Q. You did not figure it out? A. Yes, sir; at different times.

Q. Did you figure it out according to any items or books of account in your office? A. The way we would go at that, we would have to jump at considerable of it. For instance, we knew how much the wages of a boat or barge were, of course, per month. There would be the towing, there would be her lines and outfit; that was all kept at the store. Then we knew how much freight

that boat would carry for any length of time, a month or a year. We could get at an average of the thing by taking a boat, or a dozen of boats, as the case might be, and crediting them with their earnings at sixty cents a ton and charging them with their towing, at the current price. The boats would be those of the company, as a rule, that would do their towing. Of course we hired a good deal of towing done, and this towing would be based upon what we would pay a chartered tug to do the work. We would get those expenses together like that and then credit her with the amount of freight she handled at sixty cents a ton. We might take a special lot of freight. We would consider the number of days or hours the boat was engaged in handling that particular lot of freight, and take her tow-bills and her labor and the wages and wear and tear, and that is how we would get at that.

By Commissioner Smith:

Q. Would you make an allowance for the investment in the vessel? A. We never used to figure anything on interest money or anything of that kind, nor insurance, because they were those expenses that must be charged up in the general account. There was a large insurance put on the goods as well as on the floating property itself, and the insurance money and all that sort of thing on the plant we never had anything to do with. We used to place the insurance.

Q. Will you state the result of your observations, figuring in your own way? A. I have figured a good many times, and I never found any profit in package freight. I could take an individual lot of freight and I might find a profit in one or two loads, or I might get one barge that was going to steamers right along, which got quick despatch and got back quick. That barge might do pretty well. Take another barge. She would be a number of days going for a load, and it was no uncommon thing for a boat to lay for a number of days before you could get a berth; meantime you were paying wharfage. You are just as liable to lay with one carload as you are with a boatload, and while you might strike one boat that will run in luck, and have a full load and

quick despatch and quick loading, you will strike another that will be so long gone that she will eat up everything that boat has got.

By Mr. Fairchild:

Q. Where you are delayed with a whole boatload, the cost is not so great as where you are delayed with such a boat with only part of a cargo? A. The actual cost would be the same, but the pro rata would be smaller.

Q. It would be more economical? A. Yes, sir. I wish you would ask these questions of the manager of the lighterage department. It does not come very good from me to be answering for another man. I have no objection, only we all have our little feelings about such things, and I am quite certain he would much rather answer than have me do it. I would not want a man to come here and answer for the Western Transit Company.

Q. We expect to ask him and have him answer, but we are now, and I think the records show that very clearly, asking as of the time when you were there. As I understand the former testimony you gave, there was a much greater expense attendant to the lighterage of small odd lots than of freight that came in large quantities? A. Yes, sir.

Q. That there was no doubt a profit upon the large quantities, and that if there was a loss in the lighterage department, it was because of the much greater expense in lightering these small lots? A. Yes, sir.

By Commissioner Smith:

Q. Following out the statement you have just made in respect to the lighterage business, you qualify it by saying that you had never found a profit in package freight? A. Yes, sir.

Q. What proportion of the general lighterage business that your company did, I mean approximately, was of package freight? A. Well, now, Mr. Smith, I could not tell you.

Q. Half of it, or a quarter of it, or two-thirds of it, or three-quarters of it? A. Everything is package freight except grain, you know.

Q. What proportion of grain was there relative to the whole of the business done? Is a lighter loaded with lumber called package freight? A. We call everything package freight.

Q. Just approximately, what your recollection is as to what proportion the grain business was to the total business? A. Now if I knew how many bushels of grain passed through the elevator and how many tons of package freight, which you can get through Pollock, I could tell you, but I would not want to hazard that now.

Q. Would you say that the grain business was profitable? A. That depends upon how much they get for doing the work, of course. I say that grain can be lightered cheaper than package freight. Now you understand, when I am talking, I am talking about railroad business. I am not talking about a man who has a regular line of business, where he goes and loads a lighter with a full load. I am talking about the railroad business, where you will send a barge with one car-load from Sixtieth street around to Hunter's Point, just as like as not way up in Gowanus or Newtown Creek, while another man might go with a full boatload.

Q. If one portion of the business works about even, shows no profit on package freight, and you did make a qualification in saying that, the assumption is there might be a loss or a gain on that freight you had reference to, and what I want to know is if there was on the other business, aside from package freight, a loss or a gain? A. It is my impression that the grain was more desirable than the package freight.

By Mr. Fairchild:

Q. Was it also your impression that there was a profit on the lightering of grain? A. As I remember it now, I think there was.

Q. I will now repeat my former question. As I understood the former testimony you gave, there was no doubt a profit upon the large quantities, and that if there was a loss in the lighterage department, it was because of the much greater expense in lightering these small lots? A. If you go with a full boatload, why your

earnings are greater, and you may not be detained a particle longer than you would with a cargo or even less.

Q. As I recall your former testimony, you also stated that, as to these odd lots, you followed a policy of employing owners of other boats engaged in that business rather than the large lighters of the New York Central Railroad Company? A. No, I guess not.

Q. That is what I recall as to your testimony when here before, that as to these odd lots you would often send them by boats other than the boats of the New York Central Railroad Company? A. I did not say so, did I? I will tell you what you are thinking about—lumber. You asked me something about lumber, and I said to you, as I remember it now, substantially, that we were very glad to have lumbermen lighter their little lots of lumber, anything under five carloads, but that they never wanted to do it, but if it was five or over they were glad to lighter it themselves.

Q. As a matter of fact, did you ever employ boats other than those belonging to the New York Central Railroad Company to lighter any small lots of freight? A. Yes, sir.

Q. To what extent did you employ other boats? A. They will have a hundred or two hundred at work, sometimes.

Q. Did you find that you could do that class of work more economically in that way than by utilizing the large lighters of the New York Central Railroad Company? A. We did not do it that way. We were just as liable to send a 300 or a 500 ton barge with a carload of freight as we were to send a 150 ton boat. The first boat that puts into the dock takes that lot of freight that has to go. I have just as often sent a 300 ton boat with a carload of freight as I have a 150 ton boat. It does not make any difference about that.

Q. Well as to this class of freight to which you have referred as small lots, expensive to handle, was it not particularly in reference to this class of freight that you used to employ other boats? A. No. When we chartered a boat we chartered it to use. You know there are different kinds of boats. You take an open boat, unless she has good canvas, you could not load a certain kind of

freight on her. That kind of freight might have to have what we call house boats, built up with a house on them, just like a shed. Now those boats were used indiscriminately, whether they were chartered boats or whether they were the company's boats. They just came in and loaded as we wanted them to.

Q. Did you ever employ a Mr. Gordon W. Hall? A. Yes, sir.

Q. To lighter small freight? A. Well, he had a canal boat to work for me, a steam canal boat one year, and he worked for me a month or two. I hired him by the day.

Q. What kind of freight did he handle? A. Anything we gave him, but it would have to be freight that could go into the hold of the canal boat. His was a steam canal boat; he had a derrick on it and a gang of men. I loaded his freight at the depot and unloaded it, if he brought up any west-bound. He loaded and unloaded away from the depot at his own expense. Now that is my remembrance of that.

Q. Well, then, the class of freight that he carried was mostly those small odd lots? A. Generally carload lots or two carload lots, something that could be loaded into the hold of a canal boat. We do not use canal boats in the harbor for package freight unless we are hard pressed and can not get barges, on account of having to load it in the hold and taking it out again. It costs a little more money and it hurts the freight. The consignees do not like it that way.

Q. Did you use to figure with him as to the cost of handling that particular freight? A. I do not remember that I ever did. I may have done so. I think he quit me because he could not make any money, if I remember right.

Q. You know that he has testified here that he did make money on all the freight he handled for you? A. I did not see his testimony, but some of my friends told me he had testified. He may possibly have made money. He worked for me by the day, but I know if he made any money the Lighterage Co. did not.

Q. On the freight handled by him? A. Yes, sir.

Q. Do you now recall whether you ever figured with him to see how near you could come to making the receipts meet the expenditures? A. By the ton?

Q. Yes, sir. A. I should not wonder. Hall and I are old acquaintances. Possibly we might have figured.

Q. Your recollection is that the result was a loss on that figuring? A. I have no question but what we lost money, none at all.

Q. He has testified that the figuring between you and him showed a profit to your company. A. Did he say anything about himself?

Q. He also said he made a profit himself? A. Possibly he might.

By Commissioner Smith:

Q. Subsequent to your first engagement of him, in other year or years, you employed larger fleets of his steam canal boats instead of one individual boat? A. Well, then, I may have forgotten. All I know is he worked for me part of one season. He had a steam canal boat, which he had fitted up with a derrick. I do not think I ever had but one boat of his. I do not think I did but I will not be sure about it.

Q. He said, too, that you figured out, he and you together. First he said this, that the business he did was generally small packages, comparatively, as to a boatload, and it would be destined for some distance, that it was the least profitable of the business that you had to do that you generally assigned to his boat, and that in figuring it out, as you and he did, you were able to ascertain then whether the least desirable lighterage business that you did, your company did rather, was profitable, and he found that it was. That is to say, that the average of the cost of lightering that character of freight was something like fifty-two or fifty-three cents a ton, and he closed his statement by saying that, taking the general run of business, from his information and business in it, between fifteen and twenty cents a ton would yield a very good profit on the lighterage business? A. Did he mean that aside from labor?

Q. Generally speaking, taking into consideration everything, as I understood it? A. Why he could not mean that that included the labor because you know we pay from fifteen to twenty-five cents a ton just to unload. Sometimes it will cost you more

than that. You know the line of scabs we have to hire in New York.

Q. You might state on the record here, for the purpose of making it clear, just how you do the lighterage business, how you handle it, what the cost is for handling it, generally speaking. A. I think I have told you that.

Q. For instance, you pay so much for handling at this place, and so much at another place, take the freight as it comes to New York and first reaches your lighter and what handling you have to pay until it is delivered and how much you pay per ton, so we will have it on the record. A. The prices that we paid were varied. There was when I was there, I do not know how it is now, we had a regular printed schedule of prices that we paid in certain districts.

Q. To men? A. To the contractors. We contracted wherever we could.

Q. For what; for labor? A. Outside of the New York Central docks.

Q. For labor, loading and unloading? A. Yes, sir. In some cases we paid by the barrel and some by the bale, some by the carload and some by the ton, a regular printed schedule. Whether that is in existence now or not I do not know. That was the general price that was paid by most of the lighterage companies. That would apply to where there were stevedores that you could depend on and make a safe contract with. Now when you go to the outside piers, away from the steamship piers, those contracts are mostly at the steamship piers, you go away and go up on the East River, the North River or on the Jersey shore and you have to do the best you can. Each part of the city is divided into districts and different men have charge of those different districts. The route foreman goes along there and he unloads the stuff just as cheaply as he can. He may unload a car of lumber to-day for a dollar and a half and he may pay two dollars to-morrow. He may unload a carload of flour for a cent a barrel to-day and to-morrow he will pay a cent and a half.

Q. Would you like to make a statement that the average run of

freight costs you for handling, irrespective of the cost of its actual lightering, from fifteen to twenty-five cents a ton, say on an average? A. Well, that is a pretty wide difference, from fifteen to twenty-five cents.

Q. If you could narrow it down to a closer width we would be glad to have you do so. If you can make a statement closer to the actual amount we would be glad to have it. What we want is accurate information on the cost of this lighterage business, as accurate as we possibly can get. A. If you would only go to the present manager and get it then you could get it accurately.

Q. Here is a man that has come forward and made this statement, that, as a result of his experience, from fifteen to twenty cents a ton would yield a handsome profit in the lighterage business in the port of New York, handling railroad business. Now, then, will you say that fifteen to twenty cents a ton would not yield a profit? A. He did not mean including labor because any man of common sense knows that he can not take freight and put it on a boat and take it off again for twenty cents a ton.

Q. You mean he could not take it off and put it on for twenty cents, apart from the lighterage? A. No, sir.

Q. What can he do it for, with regard to labor? A. I think, with his little boat, rigged as he was, he could not unload and load for an average of less than thirty-five cents a ton.

Q. What would it be in your lighters, built for and adapted to the business? A. It would vary there, as I said, according to the article. I should say from twenty-seven to thirty cents. I am speaking now of the whole business, loading and unloading.

Q. Apart from the lighterage? A. Yes, sir; twenty-seven to thirty cents.

By Mr. Fairchild:

Q. What other lighterage companies are there in New York besides the New York Central? A. All the railroad companies have lighterage companies.

Q. In the same way as the New York Central has, directly owned by them as a department of the road? A. I do not know only what I hear. I do not know anything about that.

Q. Could you tell who would be able to say regarding the lighterage company of the Erie railroad? Who in New York? A. I suppose the department. I do not know who is the manager.

By Commissioner Smith:

Q. Is Mr. Harrison B. Moore the man who has charge of the Lehigh Valley lighterage business? A. He used to have charge when I was there.

By Mr. Fairchild:

Q. Do you know any man who has charge of any other of the companies? A. There is the Pennsylvania, they have one.

Q. Is that a department of the company? A. I think they own their own lighterage company.

By Commissioner Smith:

Q. Captain Frank Osborne in charge? A. Yes, sir; Mr. Smith knows him very well.

Q. Does Mr. Starin still do it for the Lackawanna? A. Yes, sir; he did when I came away.

Q. Do you recall as to the Erie? A. I do not recall the Erie. He used to wear glasses at one time. He was a pilot at one time. He was a tall, nice looking man. You see their old man died just before I came away from New York. His name was Cherry. He had charge of the lighters and this man came in and I have forgotten who he was. I heard about this Mr. Hall's testimony. We do not save any papers in the New York Central railroad and I do not know that they do in any railroad office over six years. The seventh year all papers are destroyed; six years carries them over any liability of a suit.

By Mr. Fairchild:

Q. You mean they do not save any books of account? A. No, sir.

Q. None whatever? A. They may save the books in their treasurer's office or some such place as that, but all our way-bills and all that sort of business, they are all destroyed.

Q. You have no idea they would destroy their books of account?

A. I do not know. I do not know how that is. I know the books and papers that we used to have to do with, every seventh year, were taken, cut up and destroyed. I tried, after I heard about this Hall's testimony, I had a good deal of joking put off on me about it here, to get hold of my contract with Hall, but the papers had been destroyed; I could not find them. Nobody knew anything about it. Finally we came across, in the depot somewhere, a few receipts, which they loaned me. Here is one where I paid Hall \$360 for twenty-four days' work of the propeller "Cortes;" that is at \$15 a day. That was in 1890, May 9th. Here is one in June, June 7, 1890, where I paid him \$45 for three days' service of this same canal boat "Cortes." Here is one for \$450 that I paid for thirty days' work of the steamer on the 10th of April, 1890. That is signed by Gordon himself. That shows he worked for me by the day. Now, I do not believe, unless Mr. Hall has got some books to show of the number of tons he lightered and of the dockage he paid, he paid his own dockage and all that sort of business, unless he has got some books to show I do not believe he knows any more about what freight he lightered or what it cost to lighter it than you do; not a particle.

Q. He did not pretend to say that he now knows what freight he then lightered; he did pretend to say that he then knew what freight he then lightered and that he then figured with you as to the cost of lightering that freight and that he knew what the result of the figuring you then made with him was. A. I do not remember. I may have figured with him. I will say this much. I have had a good many steam lighters at work for us and I never had a steam lighter at work for us yet that earned enough to pay the charter money that he got. Never.

Q. Well, now, Mr. Douglas, for that \$15 a day, he paid all the expense of running his boat, the labor on the boat and the labor that he would have to employ in unloading that boat? A. Away from the New York Central docks.

Q. Except where he unloaded at the New York Central docks?

A. Where he loaded or unloaded at the New York Central docks we did the work there.

By Commissioner Smith:

Q. Do you recall how many docks you had in New York, around Manhattan Island; how many different locations for your docks in the city? A. There is Bridge street, that is Brooklyn. That is a regular dock, a barge stationed there every day. That is one place. I presume it is there yet. Then there was always a barge at the coffee dock, Bartlett stores, sometimes a half a dozen of them.

Q. These were not docks that you leased yourself? A. We hired berth room there at the coffee docks; we paid regular wharfage.

Q. Did you do a regular business there? A. Not merely coffee. We went to those storehouses all the time, constantly, for all kinds of business. But you are speaking to me now of regular stationed barges.

Q. No, I mean docks, stations, where you had to discharge and load vessels. A. That is it. We would receive coffee regularly at the coffee docks, Bartlett stores.

Q. You would not take anything there to discharge? A. No, sir, except a little freight. It was not a receiving station. Bridge street was a receiving station for anything that came, Bridge street, Brooklyn; barges there every day.

Q. Now in New York. If there are any more in Brooklyn state them. A. There were two in Brooklyn. Bridge street is the general merchandise receiving station; receive it right from teams on this barge.

Q. You distribute it there? A. That would not come on that barge.

By Mr. Fairchild:

Q. Then if anyone residing in Brooklyn had made a purchase of goods shipped over the New York Central Railroad, he would have to go to that one place to get his goods? A. No. If he was a shipper in Brooklyn, if his store or factory was in Brooklyn, and he wanted to ship by the New York Central road, and he found it convenient to go to Bridge street there was a barge to

receive his freight regularly, but if he had a carload of freight, and he wanted a barge sent to any other dock in Brooklyn another barge would be sent there for it.

By Commissioner Smith:

Q. Anything above a carload and including a carload? A. Yes, sir; a carload and over, and if there happened to be a barge going to a certain place for a carload, and another man had a box or barrel right there that he wanted to put on we took it. We would not start a barge from the depot to go to some outside pier within the lighterage limits for less than a carload.

Q. You would go anywhere where there was a public pier where you could get access to that freight? A. For a full carload.

By Mr. Fairchild:

Q. What proportion of the freight that was lightered to Brooklyn was taken to your own stores and what proportion delivered on outside docks? A. Why, nearly the whole of it was delivered on outside docks. This place at Bridge street was just an open pier, up where the old shipyard was, and this barge would be towed there every morning and she would lay there until half-past four and take any westbound freight that came through the day going to any point on the New York Central road, and late that night he would go up to Sixtieth street and unload that freight on the railroad dock and he would tow back to Bridge street the next morning, so as to be there the next morning at 7 o'clock to receive freight. That was called the regular westbound station. That barge seldom handled any freight except westbound.

Q. I am now asking you as to freight destined for Brooklyn; would there be any difference? A. We would lighter that on any barge.

Q. Where would it be delivered? A. Any point the man wanted it.

Q. Now as to freight destined for Brooklyn, what freight would be delivered to your own stores? A. None of it at all. We

might have some man that would order a carload delivered to this same pier which I say was our regular receiving station. He would do that of his own desire.

By Commissioner Smith:

Q. Because of his own convenience? A. Yes, sir.

By Mr. Fairchild:

Q. What proportion of your freight was received at your own receiving station? A. I say none of it of the east-bound for Brooklyn. There might possibly be a carload, but nothing to speak of. We delivered all over Brooklyn.

By Commissioner Smith:

Q. Only a fractional part, you would say? A. Yes, sir.

By Mr. Fairchild:

Q. Suppose some resident of Brooklyn ordered something that was very small, not a carload of freight, but a small order, and it was shipped to Brooklyn by the New York Central line, he would receive it at your receiving station? A. No, sir; he would not get it. They would not lighter it. It would go down to St. John's Park and he would cart it from St. John's Park.

By Commissioner Smith:

Q. Anything less than a carload? A. Yes, sir; any little lot.

By Mr. Fairchild:

Q. What proportion of your freight destined to Brooklyn would go to St. John's Park and what to the Brooklyn docks? A. I could not tell you that. I would not know anything about what went to St. John's Park. I would not have anything to do with that, you know. I had nothing to do with any freight except what went on lighters.

Q. Now as to Manhattan Island, what receiving stations had you there? A. I do not think of any except Pier 4, East River.

By Commissioner Smith:

Q. You delivered anywhere around the city there? A. Anywhere around the lighterage limits.

Q. How many different portions of the island of Manhattan are there that you lease or own? A. Only four or five.

Q. You have some near Barclay street? A. Yes, sir; regular stations, you mean?

Q. I mean the railroad stations. A. We do not lighter from there. Freight all gets loaded into cars and the cars are taken upon floats.

Q. You do not do any business in the way of lightering to or from there? A. Yes, sir; there is a regular west-bound barge stationed there.

Q. Any other place in the city you can recall? A. The West Shore had a barge at Old Pier 6, East River.

Q. Did you do the lightering for the West Shore? A. Yes, sir; and at one time for the Ontario and Western. I guess they do now.

Q. Those are the only ones you can think of? A. There was a west-bound barge at Pier 5, East River; that was a New York Central barge; then there was a West Shore barge at Old Pier 6, East River; then there was a barge at Barclay street. It seems to me there was no other. I do not remember.

By Mr. Fairchild:

Q. Isn't it a fact that most of the package freight that arrives in New York city by the New York Central Railroad Co. is received by the consignees at the freight yards of the company? A. Most of it?

Q. Yes, sir. A. I do not know.

Q. Isn't it a fact that only a very small quantity of it is dumped out on any open pier anywhere around the island? A. Why, they do not have any such place as that to deliver freight. They have Thirty-third street and Sixtieth street.

By Commissioner Smith:

Q. East River or North River? A. Both, North River. Barclay street, Pier 5, East River, that is our regular east and west bound station.

By Mr. Fairchild:

Q. Practically all the freight over the New York Central Railroad coming to New York is delivered to the consignee at those points? A. There is St. John's Park; that is a big station.

By Commissioner Smith:

Q. He means of the stuff that is lightered? A. There are hundreds of carloads of freight go to Thirty-third street that are not lightered.

By Mr. Fairchild:

Q. I am not referring to lighterage alone; I am referring to the New York Central Railroad? A. I know Thirty-third street is a big station, lots of freight handled there, city freight, both east and west bound, that never goes onto the lighters. The Sixtieth street station to some extent, but not so much because it is not a good place for teams, but there is some freight handled there. Freight to Barclay street is taken down on floats, cars on floats. That is delivered there.

By Commissioner Smith:

Q. In your general lighterage business, as to Manhattan or Brooklyn, or anywhere within the lighterage limits, it is the custom of the New York Central Lighterage Co., when they are delivering freight, to deliver it anywhere that would suit the convenience of the consignee, that he would indicate? A. Yes, sir.

Q. And the larger part of the Manhattan business was handled in that way? A. I do not know about that.

Q. The larger part of it, what proportion would you say? A. Most all of it. Pier 5, there was nothing but flour went there. Barclay street, that went down on floats in cars. The rest of it would go to outside piers.

By Mr. Fairchild:

Q. What proportion of the flour that was lightered, coming down by the New York Central Railroad, or the West Shore road, went to outside piers and what proportion went to South street? A. I have not the most distant idea.

Q. Wouldn't you say that much the larger portion went to South street? A. I never thought of that; I do not know.

Q. As I understand, if a lumber merchant, having lumber yards adjoining the water front, should have a consignment of lumber you would lighter it to those yards? A. Just where he wanted it, no matter how badly the pier is blocked. You have got to wait until you can get a berth.

Q. There are certain classes of freight that are not, but take the large volume of freight, don't you know, as a matter of fact, that it is received mostly by the consignee at the points of delivery of the New York Central Railroad Co.? A. I do not know anything about it.

Q. You do not know anything about it whatever? A. No, sir.

Q. Do you know the rail rate between Buffalo and Chicago at the present time on grain? A. No, sir; I do not. You mean the rail rate?

Q. Yes, sir; the rail rate. A. I do not know anything about that.

Q. Do you know whether, at any time, there has been an endeavor on the part of the rail to meet the lake rate on grain? A. On through rate I do not know as they have particularly aimed to meet any such rate. They probably make rates low enough to attract business when they want it. If they want a lot of grain they go into the market and they make a rate that is low enough to get it.

By Commissioner Smith:

Q. Is that a frequent occurrence? A. I do not know anything about that. There is a lot of grain that comes from Chicago by rail all the while.

Q. All the while during the season of navigation? A. Yes, sir; from the far west it naturally goes by rail.

By Mr. Fairchild:

Q. From Chicago to Buffalo can grain be shipped as cheaply by rail as by the lake line? A. We are getting pretty good

prices on the lake now for grain. They do not do it in ordinary times. Now the lake rates are very high.

Q. Take the cost of handling, could the rail haul from Chicago to Buffalo as cheaply as the lake line? A. No, sir.

Q. What would be the difference as to the cost, would you say? A. I could not answer that.

Q. I have no doubt you have thought of it, being vice-president and general manager of a lake line? A. To get at that sort of a thing—to give you any sort of an answer that would be a credit to myself, I have got to look at the figures.

Q. You have considered the subject, as vice-president and general manager of a lake line competing with the railroads from Chicago to Buffalo? A. We do not do that sort of thing exactly. When we want any grain we have to take it at the market rates, whether it is three-quarters of a cent a bushel or three and three-quarters cents a bushel.

Q. Do you believe the railroad could haul grain from Chicago to Buffalo for a cent a bushel without losing money on the haul? A. A cent a bushel; that would be \$10 a car for wheat. I do not want to answer that.

Q. What would you think? A. I will not answer that; I do not know anything about it.

Q. You have an opinion on the subject? A. I guess you will excuse me; I will not answer that.

By Commissioner Smith:

Q. Do you know of any railroad that has announced its determination to ruin the lake business by carrying those things that are carried by the lake vessels from Chicago principally at such a rate as will be unprofitable to the vessels, in order to drive the vessels off the lakes? A. No, I do not know as I ever heard such a statement.

Q. You do not know of a railroad making such an announcement? A. It has got to be made by an individual.

Q. But representing a railroad? A. No sir.

Q. If any authority representing a railroad had made such an

announcement you would be apt to know of it? A. I might and I might not. You mean an official announcement?

Q. Practically that—that he has announced to the world that that is what that railroad line has started in to do; you never heard of it? A. No, sir.

By Mr. Fairchild:

Q. What would you say of a manager of one of the principal lake lines stating that the policy of the railroads between Chicago and Buffalo at the present time is clearly to take lake business at a loss in order to ruin the lake lines? A. Well, I would not want to criticize that man's opinion.

Q. Would you coincide with that opinion from your own observations? A. No, sir.

Q. You would not accord with that opinion? A. No, sir.

By Commissioner Smith:

Q. You do not think any such thing as that is in view on the part of the railroad? A. In a general way they might be reaching out to get business the lakes are carrying. That is natural competition, but for a set, steady policy I do not believe there is any such policy.

Q. Have they reached out to get the business that the lake lines are carrying to the extent of carrying any of that business at a loss? A. I do not know.

Q. Would it in your opinion be an unprofitable thing for them to do? A. I would not answer that.

Q. You have heard nothing of any such policy being announced or in vogue? A. No, sir.

Q. What are the accommodations that the New York Central Railroad Company have here at Buffalo for the freight business; what is the extent of your shedded piers, dock front, etc., if you have it in mind, the size of your sheds, the length of your docks, and just how much accommodation you have for vessels and for merchandise? A. The sheds, including the elevator frontage, is 2,739 feet, all along the water front.

Commission here adjourned to meet at the call of the chairman.

NEW YORK, *October 17, 1899.*

A public hearing of the New York Commerce Commission was held this day, in the Arbitration Committee Room of the New York Produce Exchange.

Present: Messrs. Andrew H. Green, chairman pro tem., C. C. Shayne, Hugh Kelly, and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman called the Commission to order at 1.40 o'clock p. m., stating the object of the meeting to be to take testimony on the lighterage question.

Mr. Fairchild—Mr. Chairman, there have been several gentlemen subpoenaed for to-day and as I understand one or two of them want to have their examination adjourned over until some future day. I will now read the names so that those who may be arranged for some other day will not be detained here while we are examining those witnesses who are prepared to go on to-day. Mr. Nathan Guilford is here prepared to go on to-day, also Mr. Walter B. Pollock.

The name of Andrew Donaldson of the Erie Railroad was called and did not respond.

The name of Stephen M. Williams, of the Central Railroad of New Jersey, was called and it was stated on his behalf that on account of the difficulty of getting the material together which was needed in order to make a satisfactory examination, it would be necessary for him to be excused until Thursday, at 1.30 o'clock p. m.

The name of Fred. F. Chambers, of the Delaware, Lackawanna & Western Railroad Company, was called and on behalf of Mr. Chambers it was stated that he was only subpoenaed to-day and had not an opportunity to gather the material together. Mr. Chambers was excused until Thursday at 1.30 o'clock p. m.

Mr. R. D. Rickard responded when his name was called and stated that he thought it proper to be excused for the reason that the subpoena was served on him at half past 12 and it gave him very little opportunity to consider the subject at all.

Mr. Fairchild stated that although the subpoenas were out

yesterday he did not succeed in finding Mr. Rickard until to-day. He further stated that if Mr. Rickard would make an arrangement whereby Mr. Fairchild could meet him, there was no reason why he could not be excused.

Mr. Rickard was excused until 1.30 o'clock Thursday.

Mr. Fairchild—I would like to have it noted on the record that the name of Mr. Andrew Donaldson, of the Erie railway, was called and he did not appear.

WALTER B. POLLOCK.

WALTER B. POLLOCK, having been duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. Walter B. Pollock.

Q. And you reside where? A. 244 West One Hundred and Fourth street.

Q. New York city? A. Yes, sir.

Q. What is your business? A. Manager of the New York Central Lighterage Company.

Q. Have you brought with you the accounts or any of the accounts showing the expenses of the New York Central Lighterage Company for a certain period? A. Well, I have brought with me such record as I have of the expenses. I do not have a complete record of the expenses because none is kept. I have a record of such bills and other items as have passed through my office, and as I keep merely as a memorandum and a running record.

Q. That is your office, your office is the office of the lighterage department of the New York Central railroad? A. Yes, sir.

Q. You have entire charge of all the lighterage business at this port? A. Yes, sir.

Q. And the expenses of that department as conducted by you are kept in those offices, are they? A. No; I have not a complete record of all of the expenses of the lighterage department, because it is not kept. I have a record of such bills as pass through my hands, but, for instance, the interest on the grain ele-

vators and the tax on the equipment, and the proportion of the salaries of the general officers of the New York Central railroad, I have no record, none is kept that I know of.

Q. With the exception of such things as the proportion of the salaries of the general officers of the New York Central Railroad Company and the interest on the elevators and the taxes on the floating equipment, all the expenses of the lighterage department would be kept in your office? A. I would not like to swear to that positively, because the comptroller may have certain records that I am not familiar with.

Q. At the same time the lighterage department or no branch of it is managed except through your office? A. No; not the direct operation of the marine equipment.

Q. So that all the expenses of the direct operation would be in your office? A. No; I don't think so because the direct operation would include necessarily the cost of the plant; we are building new boats and tugs from day to day and that would represent an expenditure incident to handling the floating business in New York harbor. That would not appear in my record of expenses; I don't think it is kept any where separately, it is a part of the New York Central system and we have no object in knowing just what proportion should be charged to the lighterage department.

Q. I use "operating expenses" advisedly as distinguished from the value of the plant and ask you of the operation of the lighterage department as conducted in your office, and, therefore of operating expenses shown in your accounts? A. Approximately.

Q. You have those accounts from month to month? A. Yes, sir; that is month by month from January, 1898. You asked for the accounts for the last two fiscal years, but I have not been able to find the records prior to that time. About once a year we gather up the old records and they are destroyed and sold for old paper. There is no particular reason why we should keep them. You wanted the records from July, 1897, but I have not been able to find the 1897 records. I have here a year and a half.

Q. Will you give the total of operating expenses month by month and in connection with which amounts, the total receipts, if any, of the department? A. You want me to call them off.

Q. Yes, sir; if you will. A. I had better give you the receipts first, because these expenses will have to be added together.

Q. Do that then. A. January, 1898, \$26,033.18.

Q. You are now giving the receipts of the department? A. Yes, sir; February, \$17,480.05; March, \$22,793.26; April, \$9,496.12; May, \$21,841.25; June, \$19,205.33; July, \$11,315.02; August, \$8,829.41; September, \$9,748.53; October, \$16,679.91; November, \$15,255.48; December, \$21,017.21; January, 1899, \$16,115.10; February, \$15,057.65; March, \$16,460.47; April, \$10,526.47; May, \$10,374.08; June, \$12,923.94.

Q. Now, those receipts exclude any payment to the New York Central railroad of the three cents per hundred pounds that is given the Central railroad on through bills before prorating, is that not so? A. I don't understand that the New York Central has three cents a hundred for lightering.

Q. Whatever is paid the New York Central railroad as between the New York Central and the western connections for lighterage service where freight is lightered free by the bill of lading those items of receipt by the New York Central railroad do not come to your office? A. The New York Central road or rather the consignee pays nothing for lighterage; the lighterage, as I understand it, is in the rate. The rate is made so much to New York regardless of whether we lighter it or not. That is billed from the west "lighterage free," that is, if the shipper or consignee is not satisfied to take delivery of the freight at any one of our freight stations and elects to have it delivered at some point within the lighterage limits, then the railroad in the billing notes on the bill of lading "lighterage free," and there is an allowance made as between the western roads and the New York Central road.

Q. On such freight? A. On such freight.

Q. For lighterage service? A. If it is billed "lighterage free."

Q. My question is this: Do those receipts that you have given include any such allowance that is made to the New York Central Railroad by other railroads on freight that is lightered free? A. No, we would not know anything about that; those receipts given are simply what we handle through our office.

Q. Those are simply the receipts that your office obtains from the local service here at New York port? A. That is right.

Q. Will you give the total expenses? A. I have the expenses from July, 1897, but as you have not the receipts for that period I suppose you want the expenses for the same period as the receipts?

Q. You might give them for the two fiscal years. A. It is clearly understood that these expenses cover only such as I have record of?

Q. They only cover the actual operating expenses and, therefore, do not include the cost of the plant or the interest upon the plant, or any apportionment that might be made as to the general office expenses of the New York Central railroad, but the actual operating expenses, those figures are all kept in your office, as I understand, and the figures that you will now give will be those actual operating expenses. A. I have occasion every day to confer with the various general officers, and it is a question whether it would not be fair to consider a portion of their salaries as properly chargeable to the operating of the lighterage department. We have men at the different stations working in connection with the lighterage of freight, and I have no record of their expenses, that is, what expense is properly chargeable to the lighterage department. I want to have it clearly understood that this is simply a record of what I have. There are other expenses I don't know about. I have mentioned a few but there are others that I have no record of. The comptroller would know better than I.

Q. My question relates to the actual operating expenses of the lighterage department, of which you are the general manager. A. I don't think that this includes them all, because it would seem to me we ought to take into consideration the expenses at our terminals that are incident to handling the freight; for example, we go to Sixty-fifth street and get freight, there are a lot of laborers there that put the freight on the boat.

By Commissioner Shayne:

Q. I suppose the counsel means expenses that you keep a record of in your office? A. I only want it clearly understood that this does not represent everything.

By Mr. Fairchild:

Q. You have stated what it did not represent; it only represents the actual operating expenses of the lighterage department, of which you are the general manager. A. Yes, sir, so far as I have a record. July, 1897, \$73,474.03; August, \$84,831.54; September, \$97,416.66; October, \$105,561.77; November, \$116,688.23; December, \$112,352.69; January, 1898, \$93,143.42; February, \$78,884.59; March, \$77,849.80; April, \$99,091.01; May, \$106,956.62; June, \$84,906.71; July, \$69,277.06; August, \$74,470.15; September, \$86,096.97; October, \$87,845.94; November, \$126,437.90; December, \$125,979.80; January, 1899, \$107,983.90; February, \$96,832.31; March, \$108,782.73; April, \$95,420.29; May, \$96,920.22 and June, \$85,612.83.

Q. How long have you been general manager of the lighterage department of the New York Central railroad? A. About a year.

Q. Who did you succeed? A. Mr. Skitt, Mr. Alfred Skitt.

Q. How long had he been general manager? A. I think he was there two or three years.

Q. And he succeeded who? A. Mr. Douglass.

Q. When you became general manager did you find that the accounts of the lighterage department were kept and had been kept prior to your becoming general manager in somewhat the same way that they are now kept? A. Yes, sir.

Q. And as full? A. Yes, sir.

Q. That would be true as to the term when Mr. Douglass was general manager? A. Yes, sir, I don't think there has been any change in the past ten or twelve years.

Q. Where are the freight stations of the New York Central railroad, where the freight lightered by your department is taken to the freight stations in New York city? A. We take freight from the Sixty-fifth street station or the Sixtieth street station, as it is known, and the Thirty-third street station. We take it on car floats down to Barclay and then it is taken down by rail to St. John's Park. We also take freight to Pier 5, East River.

Q. Are there any other freight stations to which you deliver freight by lighter, I mean of the New York Central railroad? A.

Well, there is Weehawken and Franklin street, that is a part of the New York Central, it is the West Shore railroad; I don't know whether you want that to appear as the New York Central system or not. It is a part of the New York Central and we operate the marine department for both roads.

Q. Are there any freight stations in Brooklyn to which you deliver freight? A. No, the freight in Brooklyn is handled by Lowell M. Palmer, that is freight for Palmer's dock, Brooklyn.

Q. What is the total number of freight stations in New York owned by the New York Central railroad? A. Four by the New York Central Railroad Company proper.

Q. What proportion of eastbound freight is delivered by your lighters to these freight stations and there received by the consignee as compared to the proportion delivered, as you may state, at other places designated by the consignee? A. Well, I cannot tell you because I don't know how much freight comes into New York.

Q. The freight that does come and is lightered, is lightered by your department? A. Except that which is lightered by Lowell M. Palmer.

Q. Can you not tell approximately how much of the freight that is lightered by your department is lightered to these stations of the New York Central railroad and received by the consignee there? A. No, sir, I could not give you any idea.

Q. If the consignee directs that freight shall be delivered at any other point within the lighterage limits, to whom would he make that direction? A. He would probably lodge his order in my office, if he wanted it delivered at any point within the lighterage limits.

Q. Other than the regular stations of the New York Central railroad? A. Yes, sir.

Q. Can you not give approximately as to what proportion of freight you receive such orders and as to what proportion of freight you deliver to the freight stations of the New York Central railroad? A. No, sir; because that which we take to Barclay street we take on car floats, and I have no means of knowing

whether the car is empty or loaded. The station simply calls us up and says we have a float we want towed to Barclay or Franklin street. I have no means of knowing how many cars there are on that float, whether one, ten or seventeen; I have no record of that. We know we have that work to do as part of the Central system, and when a float is ready to tow, we tow it.

Q. Can you state approximately what proportion of the freight you lighter is lightered to other places within the lighterage limits under the orders that come to your office from the consignee, to which you referred? A. No, sir; we keep no record.

Q. You know that all of it is not delivered outside of the regular freight stations of the New York Central railroad? A. I know that.

Q. Do you know whether half of it is delivered to the freight stations? A. No, sir; I have never kept any record. The question has never been raised, and I have never kept any record.

Q. Would you say that 75 per cent. of the freight that is lightered by your department is delivered elsewhere than at the regular freight stations? A. That is a pretty hard question to answer; it is a mere guess, in fact; I am not able to guess, because it is a fact I have never looked into. We have never been required to keep a record of that kind, and any opinion I would express on that I would not consider of any value at all. I haven't any idea as to what proportion of the freight we lighter is delivered at the stations or at other points within the lighterage limits.

Q. Now, I will ask the question as to the classes of freight: Is it not a fact that coarse freight, such as lumber, is apt to be lightered to other points than to your regular freight stations, and that package freight is most largely lightered to those regular stations and received by the consignee at those stations? A. As to lumber, there are large lots delivered from the tracks at Thirty-third street stations.

Q. Now, as to package freight: Is not package freight received mostly by the consignee at the freight stations of the New York Central Railroad? A. That which goes to St. John's Park is.

Q. Have you had any experience of package freight being de-

livered at other points than the regular freight stations of the New York Central railroad? A. No; small packages of freight would go largely to St. John's Park, and we would not handle that. Flour, large lots of it, would go to Pier 5, East river.

Q. And would be delivered to consignee there? A. Yes, sir.

Q. And it would be an unusual thing to have flour delivered elsewhere than there for delivery to consignee? A. I cannot say positively as to that, because I don't know what these other stations are receiving. They may deliver flour at other stations that I would not have any record of.

Q. It would be an unusual thing for you to receive an order from the consignee to deliver flour at other points than at the regular freight stations of the New York Central railroad? A. If the consignee wants to take his flour at some one of the stations he would not lodge his order with me; he would take it to the agent of that station.

Q. If the consignee wished you to deliver flour at some other point than one of the regular stations of the New York Central railroad, that order would come to you? A. Yes, sir.

Q. You have had no such experience as that regarding flour; you have had no experience of having an order from a consignee for the delivery of flour at any other point than the regular freight stations of the New York Central railroad? A. No, sir; as I said before, we would not get that order. As I understand it, if a consignee wanting flour delivered at Barclay street or St. John's Park, your question is whether he would lodge that order with me. I say no, as to that. If he wanted that flour delivered to Pier 5, East River, he would order it through my office, and we would take it to Pier 5.

Q. If he wanted it delivered to some point other than some of the regular freight stations of the New York Central railroad, if he had a pier of his own somewhere? A. He would lodge the order in my office, and we would lighter it wherever he wanted it.

Q. As to flour, it would be an unusual thing for you to receive such an order from the consignee to go anywhere else? A. Yes, sir; I think it would.

Q. Now, will you explain the nature of the receipts that you read off, of which you have a record in your office? A. The receipts are classified; we have storage receipts for grain which the consignees order us to store for their account on arrival in New York or Weehawken, as the case may be, and the same applies to the New York Central elevator. Of course, we have items of demurrage charges here on grain and merchandise freight.

Q. And if we wish to learn the amount of the receipts of the New York Central Railroad Company secured by it from the allowance from other railroads of the three cents per hundred pounds, we would have to get that information from the comptroller or other officers of the New York Central railroad, and not from you? A. You would have to pick that from the way bill. I could not give you the information. That could only be obtained by going through the way bills.

Q. Or applying to the comptroller; you would have no such accounts in your office? A. No, sir.

By Mr. Guilford:

Q. Mr. Pollock, the New York Central railroad has at the Grand Central station a legal department; rather an extensive one, have they not? A. Yes, sir.

Q. A general counsel, assistant general counsel, and a force of clerks, etc.? A. Yes, sir.

Q. They also have a purchasing agent and his force, and an accounting department; don't all of those officers do more or less work for the lighterage department and get legal advice from the legal department? A. Yes, sir.

Q. Do you have an account of the expenses of those departments? A. No, sir.

Q. Then, they are properly chargeable to the operating expenses, are they not, of the business? A. I should say so.

Q. The legal expenses and the clerical work? A. Yes, sir.

Q. You have no account of that; it does not appear in your list of expenses? A. No, sir.

Q. You stated, I think, in answer to one of the first questions, that you were general manager of the New York Central Lighterage Company. It is not a company, it is not incorporated at all?

A. No; the New York Central Lighterage Company is merely a business term, it is known as the marine department of the New York Central Railroad Company.

Q. The New York Central railroad owns your plant, your tugs, floats, barges, lighters, and all the property that you manage, just the same as they own engines and freight cars? A. Yes, sir.

Q. It is purely for convenience, as it is marine work, rather different from the freight work of the railroad company, to classify it separately and call it a department? A. Yes, sir.

Q. It is really the New York Central railroad, and any work that is done by the New York Central railroad for your department is done with no charge against your department for such work? A. That is right.

Q. It does not appear in the expenses that you have given of your department? A. No, sir. I might say that I could offer in evidence the annual report. When you asked for my business, I gave it as manager of the New York Central Lighterage Company; perhaps that should be corrected to read, "Manager of the marine department of the New York Central railroad." It is so published in the annual report, but the business term New York Central Lighterage Company has grown into usage. While it is not, as a matter of fact, a separate company, it is known as such by the trade, but it is really the lighterage department of the New York Central railroad.

By Commissioner Green:

Q. What is your official position? A. Manager of the lighterage department of the New York Central railroad and manager of the foreign freight department.

Q. You are not an officer of the New York Floating Elevator Company? A. No, sir; the New York Central Lighterage Company has no corporate existence. There is no such company. It has been known to the trade the same as they would speak of

the Pennsylvania Railroad Lighterage Company or the Erie Lighterage Company or the Lehigh Valley Lighterage Company. This has been known as the New York Central Lighterage Company. As a matter of fact it is the lighterage department of the New York Central Railroad.

By Commissioner Smith:

Q. Was it always that way? A. It has been that way for fifteen years to my knowledge.

Q. Never was a separate company apart from the New York Central Railroad, within your knowledge? A. No, sir.

Q. If it had been you would have known it? A. I think I would. Would it be in order for me to correct my testimony in the first instance and make it marine department of the New York Central Railroad instead of New York Central Lighterage Company?

By Mr. Guilford:

Q. I understood you to say that it would be a rare circumstance for you to receive an order to lighter flour to any point except to a regular station of the New York Central Railroad. I was under the impression that you had frequently orders lodged for export flour, to deliver to ships; am I correct in that? A. Yes, sir, as far as it applies to export business; but I thought the counsel was referring to local deliveries here in New York.

Q. You have had orders to deliver to ships? A. Every day we have orders for flour and other freight to steamship lines in the harbor.

By Mr. Fairchild:

Q. It is only as to domestic commerce that the flour is delivered exclusively to freight stations of the New York Central Railroad? A. Yes, sir.

Q. And that would apply to most all classes of package freight for local use? A. Well, there is a large amount of freight delivered at various points in the harbor. It is just wherever the

consignees elect to take it. If he finds it more convenient to receive his freight somewhere up the East River, within the lighterage limits, and it is billed "lighterage free," we are put to that expense to take it up there. On the other hand, if he will receive it at some regular freight station we don't lighter it.

Q. Where it is delivered at any point within the lighterage limits it is generally in the case of coarse freight, and in the case of raw material, being delivered to some factory? A. Yes, sir, largely so; but we have four propellers that go around the harbor delivering the small lots of freight.

By Commissioner Smith:

Q. Do you ever make any calculations, Mr. Pollock, to find out whether your business is remunerative or not—whether your department pays or not? A. No, sir.

Q. Is there anybody in your office whose duty it is to find out the business of your lighters, etc., to find out whether there is any profit or not in lightering? A. No, sir; we have expenses and practically no earnings, because it is part of the system.

Q. Who would you say would be the proper official of your railroad from whom we can ascertain just the amount of money which is prorated to them for the lighterage business? A. The comptroller, Mr. J. Carstensen.

By Commissioner Green:

Q. Do you have occasion to lighter much through the Harlem river? A. Yes, sir; we go up there.

Q. How is the draw at the entrance to Spuyten Duyvil; is that open according to law? A. No, sir; they are building a new bridge.

Q. Do you know the height the law requires of bridges? A. No, sir.

Q. That bridge is not yet done? A. No, sir.

Q. Is it under way? A. Yes, sir.

Q. You don't know what elevation they propose to make it? A. No, sir.

Q. At present they have to open that draw on a level with the road? A. Yes, sir.

Q. Is that the occasion of preventing boats going through the Harlem canal? A. I cannot state as to that.

Q. You don't know? A. No, sir; I should think that one thing that would prevent it would be the absence of water—a sufficient depth of water in the Harlem canal.

Q. What depth of water would you require? A. Well, I should say they ought to have all the way from fifteen to twenty feet.

By Mr. Fairchild:

Q. There is sufficient depth of water for canal boats, is there not? A. I have been through there on a boat drawing five feet and touched bottom a number of times.

By Commissioner Green:

Q. How many feet? A. Five.

By Mr. Fairchild:

Q. Within what length of time have you had that experience? A. This summer.

By Commissioner Smith:

Q. You were out of the channel? A. I guess not; our captain understands pretty well; it is in a bend in the river and there are two or three pretty bad places.

Q. You are referring now to points just inside that low draw-bridge? A. Yes sir; and just the other day, down by the speedway, I saw a Government vessel which was going by the chart as to amount of water, run aground.

Q. How long has that draw been in process of construction? A. I think they began work there last summer. I don't know exactly. Three or four months; perhaps longer. That is entirely out of my jurisdiction, and I am only giving you my opinion.

Q. What experience in the lighterage business did you have before you went with the New York Central Railroad Company?

A. Practically none, but I have my superintendent, who is a captain, who has been in the service about twenty years; he is a practical man.

Q. The suggestion was made that you were associated with some other company, and I wished to know which it was? A. I have been with the New York Central Company for about fifteen years.

By Commissioner Kelly:

Q. Have you not been general manager more than a year? A. It is a year the 23d of November.

Q. You had some managership before that? A. I was auditor of freight accounts for twelve years.

Q. What would you say, for the purpose of getting it on the record, what are the lighterage limits of the port of New York? A. From One Hundred and Thirty-fifth street, North River, to Sixty-third street, East River; Edgewater on the Jersey shore; then we go down as far as Tompkinsville, Staten Island, and Fifty-second street, Brooklyn.

By Mr. Fairchild:

Q. For how long a time has that been the prescribed lighterage limits, as you have described it? A. Well, I cannot tell as to that.

Q. For an extended length of time? A. Those are the lighterage limits. There has been no change in the lighterage limits that I know of.

By Commissioner Smith:

Q. Are you sure they have not been extended to include Yonkers and places on Long Island? A. I am sure they have not.

By Commissioner Kelly:

Q. Are there two sets of lighterage limits—one known to your trade and one known to the maritime trade? A. I don't know; I cannot answer as to that.

Q. You understand that One Hundred and Thirty-fifth street on the North River is the extreme northernmost limit? A. Yes, sir.

Q. And Sixty-third street on the East River? A. Yes, sir.

Q. Is not the Harlem River included in the lighterage limits? A. No, sir.

By Commissioner Green:

Q. You can carry through the Harlem river? A. Yes, sir.

By Mr. Fairchild:

Q. Is that true of the other railroads as well as of the New York Central Railroad? A. Yes, sir.

Q. The Erie Railroad has a station on the Harlem river? A. The Erie Railway, the Baltimore and Ohio and the Central Railroad of New Jersey have a station on the Harlem river.

Q. That would be beyond the lighterage limits, and yet they would not charge for it? A. I could not say; I don't know anything about their arrangement.

Q. Your understanding is, and you know it to be true of your road, that if any consignee ordered freight to be lightered on the East River farther north than Sixty-third street there would be a lighterage charge for that? A. Yes, sir.

Q. And on the North River above One Hundred and Thirty-fifth street there would be a lighterage charge? A. Yes, sir.

Q. A part of the receipts that you have given for your department is for lighterage where you have lightered freight beyond those limits? A. Yes, sir.

Q. Can you state who does the lightering for the Pennsylvania Railroad; do they do their own lightering? A. Yes, sir.

Q. And the Lehigh Valley, do you know who does the lightering of the Lehigh Valley? A. The New York Lighterage Co.

Q. Do you know who is the manager of that company? A. H. B. Moore.

Q. And the Delaware, Lackawanna and Western, who does their lightering? A. John H. Starin.

By Commissioner Smith:

Q. Is Captain Osborne still the master lighterman of the Pennsylvania railroad? A. Yes, sir.

By Mr. Fairchild:

Q. And the New York, Ontario and Western? A. We do it.

Q. And do the receipts that you obtain from the New York, Ontario and Western form part of the receipts of your office that you have given? A. No, sir.

Q. Those receipts all go to the general office? A. To the general office, yes, sir.

Q. The Central Railroad of New Jersey, who does their lighterage? A. I don't know.

Q. And the Erie? A. I think they have their own lighterage company.

ANDREW DONALDSON.

Mr. Fairchild—I notice that Mr. Donaldson of the Erie Railway Co. is present; but as he has only been served with a subpoena recently, I do not know whether he is ready to go on or not.

Mr. Donaldson—No, sir; I could not bring the material you want. I am not really the party who should be called. I am the treasurer of the company and such information as you want is not in my custody.

By Mr. Fairchild:

Q. Will you state in whose custody it is? A. In so far as it exists at all, it is with the auditor, J. T. Wann. I had charge of it for a number of years and I cannot say that we kept any separate record for lighterage. The lighterage is part of the rate, and the receipts went in with our general receipts. There was no item among our earnings of lighterage.

Q. Are all the accounts of the Erie railway kept in the auditor's office? A. Yes, sir.

Q. And are in his control? A. Yes, sir.

Q. Can you arrange to have Mr. Wann appear here with those books, in your place? A. I will speak to him about it. He is out of town at present.

Q. When will he return? A. I am not positive; of course, there are official people in his office.

Q. Who takes his place when he is away? A. I suppose his chief clerk signs such papers as are necessary and this chief clerk would be quite competent to give the necessary information, as he would, if you will make a request as to just what you want.

Mr. Fairchild—I would suggest that Mr. Donaldson be excused until Thursday, at 1:30 p. m., and in the meantime I will consult with Mr. Donaldson as to what is necessary and may be able to save him considerable trouble.

Mr. Donaldson was therefore excused until Thursday, at 1:30 o'clock p. m.

NATHAN GUILFORD.

NATHAN GUILFORD, having been first duly sworn, testified as follows:

Q. Your full name? A. Nathan Guilford.

Q. You reside in New York city? A. Yonkers.

Q. What is your business? A. Traffic manager of the New York Central Railroad Co.

Q. Do you keep statistics showing the amount of tonnage on the New York Central and Hudson River Railroad from year to year? A. There are certain statistics of tonnage which are kept in the accounting department; I don't keep them in my department. They are published in the annual report each year.

Q. Are you prepared to give now the items of total tonnage for the last two fiscal years, showing the amount of tonnage for each class of freight? A. I have extracted from our last annual report the figures with regard to special commodities, the tonnage of special commodities from our annual report for the year ending June 30, 1899, and also for that same period, 1898, showing increase and decrease of tonnage of the most important commodities.

Q. Will you give those so we can have them on the record? A. I will first read the figures for 1899 and then those for 1898, to save repeating each item. The figures are in tons. Flour 852,856, the previous year 812,677.

Q. Let me suggest that you take each year separately? A. For 1899: Flour, 852,556 tons; grain, 3,805,214 tons; other agricultural products, 1,876,506 tons; live stock, 806,819 tons; fresh or pickled meats and provisions, 919,317 tons; petroleum and other oils, 285,100 tons; lumber, 1,900,539 tons; pig and bar iron and steel and iron and steel rails, 764,856 tons; iron and other ores, 271,735 tons; coal and coke, 6,654,954 tons; manufactures, 1,775,343 tons; merchandise, 2,490,921 tons; other articles, 2,952,614 tons; making a total of 25,356,474 tons. For 1898: Flour, 816,677 tons; grain, 3,865,505 tons; other agricultural products, 1,774,490 tons; live stock, 797,363 tons; fresh or pickled meats or provisions, 922,706 tons; petroleum and other oils, 272,012 tons; lumber, 1,911,378 tons; pig and bar iron and steel and iron, and steel rails, 704,563 tons; iron and other ores, 157,694 tons; coal and coke, 5,672,746 tons; manufactures, 1,596,161 tons; merchandise, 2,429,303 tons; other articles, 2,486,841 tons. Making a total of 23,403,439 tons.

Q. I understand that that is the total tonnage for the two fiscal years of the New York Central and Hudson River Railroad Co. irrespective of the points of delivery? A. Irrespective of the point of delivery or the distance carried, or the point of destination.

Q. Can you state what proportion of that total tonnage, approximately is freight that comes to this port? A. I could not. I think I can obtain it for you in a brief time. I think the figures could be made up readily so that I could probably give them to you to-morrow, but I have not got them to-day.

Q. You will do that? A. I will do it, yes, sir; if it is possible, as I believe it to be.

Q. Does the coal and coke come to this port by the New York Central railroad to any extent? A. No, sir.

Q. None of it, practically none of it, to this port? A. To a very small extent.

Q. Grain, I should say, would largely come to this port? A. It would largely come to this port, but considerable of it would go to local mills in the western part of the State, Niagara Falls, Rochester, etc.

Q. Lumber. Would those figures show the amount of lumber that would come to this port, mostly? A. No; lumber goes everywhere, to New England, and great deal of it goes to Albany.

Q. What proportion, would you say, of this freight, that goes over the New York Central is transferred to the Boston and Albany railroad as compared to the proportion that would come to New York? A. I should say it would be about nearly divided. Of the east-bound freight passing through Albany about as much would go to New York as would go to points through New England.

Q. Has the Pennsylvania any connection to any other port than Philadelphia that would not need a longer haul? A. From the West?

Q. Yes, sir? A. Baltimore has a shorter haul than Philadelphia.

Q. Is it not so that there is a differential with the exception of grain, now existing of two cents a hundred pounds in favor of Philadelphia as against New York? A. How much?

Q. Two cents? A. In favor of Philadelphia?

Q. Yes, sir, as against New York? A. Yes, sir, from the west.

Q. And as to Baltimore there is a differential of three cents per 100 pounds, is there not? A. Yes, sir, except on grain for export.

Q. Up to last January, that differential was also maintained as to grain, was it not? A. I don't say it was maintained; it existed the same as on other freight.

Q. It was in January, 1899, that they cut the differential in half as to grain? A. Yes, sir.

Q. Now the cutting of the differential in half in January, 1899, applied only to grain and not to any other merchandise. A. Yes, sir.

Q. What is known as the ex-lake differential? A. There was no ex-lake differential established. There is none to-day from Buffalo. The rates to Philadelphia and Baltimore from Buffalo are the same as to New York.

Q. I understand that, but my question was: what is known as the ex-lake differential? A. There was none estab-

lished. There never ought to have been one made from Buffalo. The main reason assigned for a differential, the shorter distance to these southern ports from the west, did not apply to Buffalo, Philadelphia being as far from Buffalo as New York is. There has been, according to my recollection, no differential from Buffalo to Philadelphia except perhaps for two years, several years ago. For two seasons of navigation there was a differential made on grain in which the roads to Philadelphia made the rate a cent a bushel less than the rate to Baltimore. I cannot explain why it was done.

Q. Than the rate to Baltimore? A. Than the rate to New York I should say. I don't know why. I never understood why it was done and my attention was called to it the next season when a tariff was made and the differential disappeared.

Q. What was known as the ex-lake differential existed for a period of only two seasons? A. I think it was only two seasons, possibly three, but I think only two. It did not exist because of any design, the Philadelphia roads took it and nobody else noticed it.

Q. Did it exist last year? A. No, sir.

Q. Did it the year before? A. I don't think it did the year before, I think it did the year before last.

Q. At any rate, for two years, it has not existed? A. No, sir, and the only time previous the two years that I spoke of.

Q. Does it exist now as to any other class of freight than grain? A. No.

Q. Did it ever exist as to any other classes of freight than grain? A. No, I think not, not that I know of. My impression is that rates from Buffalo to Philadelphia and New York have been alike on all classes of freight except for two seasons on grain alone, and that that was several years ago.

Q. Who was instrumental in having it abolished? A. Well, I don't know that I can say. I can perhaps take some credit for it myself, my attention being called to it when we were making the rates for the new season.

Q. You objected to that as being unjust, and as to the agree-

ment for that season it was left out? A. Yes, sir; it never ought to have been in. It was never done by agreement all around.

Q. Do you consider that the differential that now exists in favor of Philadelphia and Baltimore from western points is also unjust? A. I do.

Q. Have you taken the same steps as to that differential to have it abolished that you did as to the ex-lake differential? A. A great deal stronger. We have for twenty years struggled against that and have engaged in railroad wars and thrown away millions of dollars. Had it arbitrated by an august tribunal; had it before the Interstate Commerce Commission, and all that has been accomplished has been cutting it down one-half on grain.

Q. Nothing on anything else? A. No, sir.

Q. Has that differential been maintained during all these years as well as existing by agreement? A. It has not been maintained. It does not cut any especial figure as long as tariffs are not maintained. If there is a cut of five cents in the rate a differential of three cents would not amount to much, would not cut any figure at all. Of course, when the differential becomes an important factor it is when the rates are substantially maintained, when the tariffs are maintained. If we choose to cut the rate to New York and make it the same as to Baltimore then the differential, of course, does not work against New York. The rates have been more or less loose and demoralized for years past. During those periods the differential did not tell any particular story, because it did not exist.

Q. To what extent had the tariffs been maintained immediately prior to January, 1899? A. I suppose I am under constitutional protection here as far as saying anything that might be used against me. My general impression is that rates were very poorly maintained prior to January 1st.

Q. Did that result in any action being taken by the Interstate Commerce Commission? A. Yes, sir, the Interstate Commerce Commission called the presidents of the principal railroads to a

conference about the 1st of last January and made strenuous efforts to bring about a stricter maintenance of rates than had existed and it has quite measureably been successful. Rates have been better maintained since the 1st of January than for a long period before.

Q. Were you present at that conference? A. No, sir.

Q. It was in that conference that the New York Central railroad complained regarding the injustice of the differential, was it? A. Our president took that position.

Q. That resulted in accomplishing at least cutting the differential in half as to grain? A. Yes, sir.

Q. The New York Central railroad then agreed with the other presidents on that occasion and with the Interstate Commission, that with those concessions being made to the New York Central railroad, they would maintain rates? A. Yes, sir.

Q. They have been maintained to a greater extent since then? A. Yes, sir.

Q. What railroad is the most insistent on a differential of two cents a hundred pounds in favor of Philadelphia? A. The Pennsylvania railroad naturally has the greatest interest in Pennsylvania traffic.

Q. The interest of the Pennsylvania railroad in Pennsylvania traffic is so great as to lead them to insist on a differential in favor of Philadelphia as a condition of its maintaining rates? A. Yes, sir.

Q. Is it also true that the interest of the Baltimore and Ohio road in Baltimore is such as leads them to insist upon a three-cent differential in favor of Baltimore, as a condition of their maintaining rates? A. Yes, sir.

Q. As to the traffic of the New York Central railroad about one-half of the total traffic goes easterly to Boston and the other half to New York, you have stated? A. Yes, sir, of the traffic which arrives at Albany. Not to Boston. Boston takes comparatively a small part of it. There is the whole of New England, the whole interior of New England, that manufacturing territory gets their share of that business. Some of it goes to Boston.

Q. The New York Central Railroad Company has for a long time had a close traffic arrangement with the Boston and Albany?

A. Yes, sir.

Q. And neither the Pennsylvania or the Baltimore and Ohio have any traffic arrangement with any road that goes to any other port than the port they are chiefly interested in? A. I don't know what their traffic arrangements may be. The Pennsylvania goes to Boston by means of connections with a New England road. I don't know what other arrangements there are.

Q. Why is the New York Central Railroad Company not just as able to insist as a condition of maintaining rates that there shall not be a differential in favor of Philadelphia, as the Pennsylvania Railroad seems to be able to insist that there shall be a differential in favor of Philadelphia? A. We have done that and arbitrators decided against us and the Interstate Commerce Commission themselves decided that there was no ground for their interference in the existing differentials. They are fortified by those decisions.

Q. The position of the Pennsylvania road is that they will not maintain rates unless they are given that differential? A. I never heard them put the case in just that way. They have to bring their New York traffic through Philadelphia. It is ninety miles farther. The same rate per mile from Chicago to Philadelphia as from Chicago to New York. We make substantially that much less rate. They claim that the city of Philadelphia is entitled to the benefits of its nearer situation to the western farms, producing territories.

Q. You have read the advisory committee report, regarding differentials, the committee that Judge Cooley was on years ago?

A. Yes, sir.

Q. As to that claim of the Pennsylvania road regarding mileage, did not that report, although it decided in favor of the maintenance of the differential, decline to place its decision upon the ground of mileage? A. I don't recollect. My impression of the report is that they decided that they could see no sufficient ground for them to disturb the then existing relation

of rates; that they did not say those conditions would always be the same. In the future there might be some reasons for change; at that time they could not see any.

Q. Did they not base their decision on the ground that the conditions were such that unless there was a differential, New York's port would get much more of the business to the loss and detriment of the Baltimore & Ohio and Pennsylvania roads? A. I would not like to say that. It is years since I have seen the report and I do not remember details.

By Commissioner Smith:

Q. What view was taken of that report at the time and since?

A. By me?

Q. By the railroads interested in its opinion? A. They were ready to abide by the decision then whatever it was; they had had a very exhaustive rate war; rates down to almost nothing for a long time.

Q. They considered that tribunal about as exalted a one as they could appoint? A. Yes, sir; they were very prominent men and some of them were well informed on railroad matters, public questions; one of them I believe was a railroad commissioner of Ohio.

By Mr. Fairchild:

Q. The Pennsylvania railroad as you understand it, would prefer a rate war rather than give up that decision? A. It would only be a matter of conjecture. I am perfectly satisfied that if we should make Philadelphia rates to New York that they would make a lower rate to Philadelphia by the differential. If they did not, the Baltimore & Ohio would to Baltimore and that would leave Philadelphia between two fires. I don't know that Philadelphia requires the differential below New York as much as they do that they must be nearer the Baltimore rates.

Q. Does your opinion accord with the published opinion of the president of the New York Central railroad that the reasons for the existence of the differential no longer exists and that the

differential should, therefore, be totally abolished? A. My belief is that certain important reasons, factors, in the old decision no longer exists. The distance feature remains the same but the question of ocean rates has changed. At the time that this differential was established I believe it to have been a fact that the ocean rates from Baltimore and Philadelphia to foreign countries were higher than from New York, and as it was admitted just to have the same through cost by any of these gateways, the inland rate would have to be less so that the total would be the same, the ocean rate being higher. That is not the case now on cargo rates of freight. Vessels are chartered with the option of the ports. They go to any of them at the same price.

Q. Don't you think that if the New York Central Railroad Company should take as strong a stand against the differential and in favor of New York's port as the Pennsylvania railroad does in favor of the differential and in favor of Philadelphia, and the Baltimore & Ohio in favor of the differential and in favor of Baltimore, that they might be equally successful in abolishing the differential, as far as the two railroads named have been in maintaining the differential? A. I think the New York Central has done everything that it can to bring about an adjustment of this question. It has accomplished at any rate the reduction of one-half cent this year.

Q. Only as to grain? A. As to grain. That, of course, is the most important of any product that is exported, the greatest in volume. They have abolished that and I don't think it would be to the interest of New York or to any interest to take a more arbitrary position about it.

By Commissioner Smith:

Q. Is it the position of the New York Central Railroad Company that it could and would be glad to reduce its rates if the Pennsylvania railroad and the Baltimore & Ohio railroad would consent to the abolishment of the differential, or is it your position that the Baltimore & Ohio and the Pennsylvania railroad should raise their rates in order to abolish the differential? A. No; we would

be willing to make the same rate, whether the existing rate to Baltimore or the rate to New York is the best. The important thing is to have them alike.

Q. It is a matter of indifference whether it is the Baltimore rate or the New York rate? A. Comparatively. Of course, we should like to get the higher rate.

Q. For the extra money? A. For the money there is in it, but we would be willing to take the Baltimore rate to all three ports, if they would all agree to that.

By Mr. Fairchild:

Q. If the desire of the New York Central is to have the differential abolished and the reason they do not voluntarily abolish it is the fear of cutting rates, could not the desired result be accomplished, as the New York Central Railroad Company is entirely a New York State railroad, running exclusively within the State of New York, by having the conditions enforced through New York State legislation? A. No; I don't think that would accomplish the desired result at all.

Q. If it is the real desire of the New York Central Railroad Company to have such a condition of affairs why would they not readily agree to that condition being enforced by legislation in New York? A. The legislation of the Legislature of New York has no control over the rates through Pennsylvania or Maryland, and they would have no control over those roads. Those roads would continue to make a differential rate as would hold to them what they regard as their share of the business.

By Commissioner Green:

Q. Has the Legislature of the State of New York any control over the rates in New York State? A. I would rather some member of the legal profession would answer that. I don't know what control they have, but assuming that they could control our rates, I say they could not control the rates of our competitors.

Q. They could control your rates? A. I don't know how far their powers go. If they should control our rates by passing a

law that we must make as low a rate to New York from anywhere that is made from that same place to Baltimore, and we should do it, the point that I make is that the roads running to Baltimore would immediately go below that rate if it was necessary to do so to hold the volume of business that they think belongs to Baltimore, and the relative position of New York and Baltimore would be the same, and all rates would be on a lower level.

Q. Would the State of New York, in your opinion, have a right to control your rate for freight and passengers? A. I have no opinion on that subject.

Q. If they have such a right, do they ever use it? A. Well, the State of New York does use it at times. I think they have a board of railroad commissioners that takes up grievances and inquires into them.

Q. Did you ever know the Railroad Commissioners to impose any reduction in the rate of freight or passengers on the New York Central road? A. There is never a session of the legislature but what bills are introduced with that end in view.

Q. Do they ever go through? A. If they did there would be no railroad left.

By Mr. Fairchild:

Q. The New York Central Railroad Company have a connection with a lake line, have they not? A. Yes, sir.

Q. What is the name of that line? A. The Western Transit Company.

Q. What is the relation of the New York Central Railroad Company with the canal line known as the Western Transit Line? A. It has no relation whatever.

Q. Is the Western Transit Company a lake line controlled by the New York Central railroad? A. I understand that it is.

Q. Isn't the canal line known as the Western Transit line, a canal line having exclusive connection with the Western Transit Company, a lake line? A. I don't know anything about the Western Transit Line; never heard of it before to-day.

Q. Who is the local freight agent of the Western Transit Company? A. Here in New York?

Q. Yes, sir; here in New York. A. Edwin T. Douglass.

Q. What relation is he to Gibson L. Douglass, the manager of the Western Transit Company? A. He is his son.

Q. Is he not also connected with what is known as the Western Transit Line, the canal line? A. I don't know. As I say, I never heard of that line until you mentioned it. There are a number of canal lines but I know nothing about that.

Q. Did you never hear of Edwin T. Douglass sending freight for the Western Transit Company via the canal? A. Yes, sir; I know that he does it during the season more or less. It is a matter of information only.

Q. His position here in New York is to secure freight for the Western Transit Company? A. Yes, sir.

Q. And when he is able to secure freight for the Western Transit Company to be transported by the New York Central railroad at such rates as it can be transported for by New York Central railroad, he is expected to send it over the railroad? A. Yes, sir.

Q. And when he is unable to secure freight via the railroad for the Western Transit Company, and can secure it at lower rates via the canal for the Western Transit Company, he does so, and it goes by canal? A. Yes, sir.

Q. And the receipts for such freight by canal are lower than the New York Central railroad gets for the same class of freight? A. Naturally the canal rates are lower than the railroad rates.

Q. That always has been the case? A. Yes, sir, except in some abnormal situation such as a rate war, when rates might go down to the canal level.

Q. You do not consider that the railroad is able to carry freight at as low a level as the canal? A. We don't do it, but my opinion is that we are able to.

Q. Do you know to what extent the piers at South street generally known as the canal piers are used by the New York Central Railroad Company—piers 5 and 6? A. Yes, sir; they are used principally for the delivery of flour. We call them our flour piers.

Q. Is any other one of the freight stations of the New York Central railroad used to any extent for flour delivery? A. Except the uptown piers at Sixtieth street, they are used very largely.

Q. Any other? A. Well, flour goes there in the first place and then it is subsequently ordered either to the South street piers or some other part of the harbor or to the ship's side.

Q. Can you state whether it is true that the flour deliveries so far as local consumption is concerned, are chiefly if not entirely from the Sixty-third street station or from the South street piers?

A. It is all from there practically, it is all from the Sixty-third street station.

Q. I mean the deliveries, local deliveries in New York. Those are chiefly, if not entirely, from either the Sixty-third street station or the South street piers? A. Yes, sir.

By Commissioner Smith:

Q. Are the deliveries from Sixty-third street station very extensive to the consignee? A. It is only by lighterage. Flour goes around the harbor by lighters. There is no delivery to wagons there.

Q. For local consumption is there any extended delivery from the Sixtieth or Sixty-third street station? A. It is not so much as at piers 5 and 6, East River; it is to some extent. Anybody who wants flour in Brooklyn, for instance, or Jersey City, that would be lightered from Sixty-third street station to those places as well as to a ship, if it is for export.

By Mr. Fairchild:

Q. Leaving out Jersey City, taking Brooklyn alone, the deliveries for local consumption in New York are chiefly from the South street piers? A. Yes, sir.

Q. By truck? A. Mr. Pollock can tell you whether by truck. I presume it is, principally.

(Mr. Pollock stated that it was.)

Q. Will not the officers of the New York Central Railroad Company, in carrying out their desire to have the differentials

abolished, give to the New York Commerce Commission accurate figures showing what would be a fair minimum rate on different classes of freight with a view to having such a rate established, that if conformed to, if established by the New York Central Railroad Company, the Pennsylvania railroad and Baltimore and Ohio railroad, would not be able to undercut those rates without doing a permanent losing business. A. That is an impractical thing; that implies fixing the cost of the transaction, and that we cannot any of us do.

Q. Do you think that the New York Central railroad would not even endeavor to cooperate with the New York Commerce Commission with that end in view? A. I think they would cooperate with the Commerce Commission to the fullest extent in any intelligent way, to bring about the object that both have at heart, but when you suggest that we should fix some specific rate of freight, that would be just right and would not leave any power for cutting and that sort of thing, it is an unprofitable thing, it is an impossible and an impracticable thing to do. We don't any of us know where that point is. There don't anybody know what a railroad transaction costs until when they have been in the business a year or two. They may think they know but the more experience they get the less definite knowledge they find there is to be had about it.

Q. Will not the strong desire of the New York Central Railroad Company to have the differential abolished, combined with their many years of practical experience enable them to co-operate with the New York Commerce Commission and make practical suggestions, looking toward the accomplishment of that result? A. We should be very glad to co-operate in that way.

Q. With practical suggestions that might be incorporated in such legislative action as would insure permanent the results? A. It is a problem that is not very easy to solve, and it is hard to say that the suggestion is practicable. They are all tentative more or less, but as far as we are concerned, I should be very glad to consult with you or any members of the Commission, and if we could bring any practical suggestion out of suggestions, we should be very glad of it.

Q. The practical suggestion should come from the railroad? A. There is nothing so complicated that I know of as the problem of the traffic of the country. They are so many sided, so complex, that when you are seeking a panacea for any existing fault, you think you have got one until you look at it a little more deliberately and you find it will not do; you are seeking for something all the time. I think the men that are in charge of these railroads are fairly intelligent men as men go, and I am sure there has been the greatest amount of time and serious thought in conference devoted to straightening out these questions. There are so many conflicting interests and complicating questions in the way. It is a very easy thing to ask for suggestions and a very hard thing to furnish any of value.

Q. Have you the possession of leases whereby the New York Central Railroad Company occupy piers 5 and 6, East River? A. The legal department is in custody of all those things, all our leases.

Q. The legal department? A. Yes, sir.

Q. To whom will I have to apply to get that lease? A. Judge Williamson is at the head of the legal department, he is, I presume, the head of it. That is my understanding. At least either he or the Comptroller. I am not quite positive which of them is custodian.

Q. In securing for me the proportion of this total tonnage of the New York Central railroad that comes to this port, will you also secure, as near as you can possibly, with the way you keep your accounts, the total amount of tonnage that comes to this port upon which the New York Central Railroad Company receives from western connections that three cents per hundred pounds for the lighterage service? A. I am afraid we cannot give you that information. In the first place, we do not receive three cents a hundred. We don't receive an average of more than a cent and a half and under as a contribution for that service, because the three cents comes out of the through rate, and our proportion, as well as theirs, is reduced by the reduction of the three cents lighterage.

Q. Your proportion of the through rate is one-half? A. Yes, sir, substantially between 45 and 50 per cent.

Q. Therefore, you pay one-half of the three cents? A. Yes, sir, and that is all that is allowed to us. In the first place it is only allowed on through traffic in which our connections are interested. You take our grain business, which is the largest single commodity that we transport and I suppose that something like eighty per cent. of it originates with this road.

Q. That is, originates in Buffalo? A. Yes, sir, Buffalo is the initial starting point as far as rail transportation is concerned. There is no lighterage allowed on that, that is simply an expense that is in the rate. If the service is performed we pay it. It is not a charge to the grain, it is not a charge to the public. It is a question that the stockholders of our road have an interest in, because it is an expense to us. We relieve the public entirely of that charge. When the business does come from the west and when it is billed "lighterage free" by order of the shipper, then and in that case we get that contribution of about a cent and a half on the western rates, because we have to perform not only the original service a railroad performs as a terminal service, but also his marine service in addition.

Q. What proportion of the freight that does come to New York, would you say was lightered free freight compared to the proportion that is not lightered free or that originates on your road? A. Am I to understand that you are inquiring on what proportion of freight we get an allowance for lightering service?

Q. Yes, sir. A. Well, a very small proportion, because we perform a lighterage service on all freight between Buffalo and Albany. We perform it on all this stuff from Buffalo, where Buffalo is the initial point and which is received from the Lake. That is purely a New York Central matter in which no other roads share, and it is only on freight beyond Buffalo that any allowance is made and on a portion of that not so much as half, but more than a quarter, there is no allowance for lighterage, because it goes to our stations and the remainder is all that there is any lighterage allowance upon.

Q. What proportion of the freight that comes to this port by your road is through freight from points west of your road? A. I would rather give you that information at the same time I give you the business arriving at New York.

Q. You will be able to give that? A. It would be a guess now; I can give it to you approximately correct then.

Q. If grain is received, or if the vessels endeavor to secure grain, at the New York Central elevator, is there any different charge imposed by the New York Central Railroad Co. on that grain than when the New York Central lighters it to the vessel?

A. If a vessel comes to our elevator for grain?

Q. Yes, sir. A. That has not happened in twenty-five years, I don't think.

Q. That is not my question. I mean when it happened? A. It would be a new question when it is presented. You speak of it as though it was the system.

Q. Would there be any different charges imposed by the New York Central Railroad Co. where grain is delivered to a vessel at the elevator than where it is delivered by lightering to the vessel?

A. There would be under existing agreements, with other roads, a charge of a cent and a quarter a bushel on grain taken from our elevator into the ship direct at the elevator. The same charge would, under the same agreement be imposed at Philadelphia, at Baltimore and at Boston.

Q. I understand you that under that agreement, if grain is delivered to the vessel at your elevator there would be a cent and a quarter charge per bushel, but where you perform the service of lightering that grain to the vessel there is no charge? A. That is correct. I would like to state, however, in connection with that, that this agreement that I speak of is a dead letter as far as New York is concerned because the ships don't go to the railroad elevators. I would like further to explain the reason that charge is added. If no such charge were made at Baltimore or Philadelphia for elevator service, grain so lightered at New York alongside the ship and put on board the ship by a floating elevator, the grain would have to pay a floating elevator charge; a

service that does not exist at Baltimore or Philadelphia, and that would discriminate against New York to that extent, that this floating elevator charge exists here, while the grain would be put from the elevators into the ships at Philadelphia and Baltimore. Now, to overcome that, we made an agreement some years ago with the Baltimore and Philadelphia roads, that they would instead of making their elevators free, charge a cent and a quarter per bushel. That being the very charge of this floating elevator at that time; that they charge a cent and a quarter in addition to the freight rate for their elevator service for transferring grain from cars to vessels. The result of that was that an exporter shipping grain by way of Baltimore or Philadelphia would have just the same port charges for elevation that he would have at New York, only he would be free from it at the other ports, so that it is to the interest of New York that that agreement should exist and be kept.

Q. Who asked for the imposition of that charge, the New York Central railroad or the Pennsylvania and Baltimore and Ohio roads? A. That I could not say; it was before my time.

Q. You don't know whether it was the Pennsylvania and Baltimore roads asking of the New York Central road or the New York Central road asking of the Pennsylvania and Baltimore roads? A. I could not say. I know it was the agreement and it works to the advantage of New York, as is obvious.

Q. How long ago was that agreement made? A. I should think it was fifteen or twenty years ago.

Q. Prior to the making of that agreement, didn't vessels go to the New York Central elevator and receive grain there? A. Well, I can't tell you because I don't know. I have not been connected with the road anything like so long as that.

Q. Who connected with your road, would know? A. I don't believe anybody would know now; they are all dead and gone, those people.

Q. Then if it has been testified by shipmen before this Commission that vessels did go to the New York Central elevator and receive their grain there up to the time of the imposition of that

cent and a quarter, and have been unable to go there since by reason of the imposition of the cent and a quarter, there is nothing that you know that would enable you to contradict that statement? A. No, sir; except, if they did not go to the elevator they would have to pay the cent and a quarter to the floating elevator. You cannot get rid of the cent and a quarter at New York.

Q. Is it not a fact, that prior to the imposition of the cent and a quarter at the stationary elevator that vessels were able to go there and get rid of at least a cent of it? A. I do not know if they paid anything or not when they went to the elevator. You say you have testimony from the shipping men, I suppose that is right, whatever they say.

Q. I might say that it was testified here by one shipman, that when that agreement was made he still endeavored to secure his grain at the New York Central elevator and had the experience of the New York Central elevator refusing to put the grain into the lighter alongside of the ship; he was obliged to have the floating elevator come up from down town and lay there between the lighter and the ship, and the grain was taken from the stationary elevator and put in the lighter and from the lighter put into the ship. A. I cannot see any sense in that, but it was natural that after the agreement was effected to impose this cent and a quarter, that the New York Central would refuse to throw it off. I dare say that is true, but it must be obvious to everybody, where under the condition of things that is no charge at any of the elevators, New York has a floating elevator to pay. It is for the interest of New York to have that agreement.

Q. Prior to that agreement did the Philadelphia and Baltimore railroads perform that service at the elevators free? A. Prior to that agreement they had no elevator at Baltimore. They used to take their grain at Baltimore when I first went there and loaded the ship through a half bushel measure, by act of the legislature. They would have a lot of roustabouts that would take a half bushel measure in their hands and fill it with a shovel and pour so many of these measures into a sack; take the sack on board the ship and shake it into the hold.

Q. Was there any elevator in Baltimore at the time of making this agreement? A. Yes, sir. I think the elevator at Baltimore was built in the seventies.

Q. How many years prior to making this agreement? A. Several years prior.

Q. During these several years did the railroads at Baltimore, did that elevator at Baltimore, perform the service free? A. That elevator after it was built performed the service and collected the charge of a cent and a quarter for it.

Q. So there was a period of several years in Baltimore where the elevator collected that charge of a cent and a quarter a bushel without any agreement with the New York Central Railroad Company and without the New York Central imposing a like charge? A. There might or might not have been an agreement; it was before the present agreement. I know the Baltimore and Ohio did collect a cent and a quarter when the elevator was first built and for sometime afterward.

By Commissioner Smith:

Q. In the seventies? A. Yes, sir, and my recollection is that that charge was supposed to be maintained at the different ports, and that New York had not maintained it, and was loading vessels without it, and the Baltimore and Ohio railroad was about to abandon the Baltimore charge, which would make a condition just the same as if they all charged. It is a vague recollection on my part.

Q. Was that service of the elevators performed free in Philadelphia prior to that agreement being made? A. I cannot say as to Philadelphia; I can as to Baltimore.

Q. Are the elevators at Baltimore owned by the railroad? A. The Baltimore and Ohio elevator is owned by the railroad. The elevator on the Pennsylvania track is either owned by private parties or if owned by the railroad it is leased to private parties. It is at least operated by private parties.

Q. Are all the elevators in Philadelphia owned by the railroad? A. No, sir; I don't think any of them are.

By Commissioner Smith:

Q. Were you a member of the Joint Traffic Association? A. No, sir; Mr. Hayden, our vice-president, was our representative in the association.

Q. Was your railroad satisfied with the operation of the Joint Traffic Association? A. I don't know. To speak for our railroad, I do not know what the views of all of them were. The railroad is a body composed of many individuals. If you ask my own opinion, I will say I was not satisfied with it.

Q. Because the maintenance of rates were injurious to New York? A. No; because it did not accomplish the purpose that it was intended to accomplish, and it surrounded everything with a lot of red tape that was a disadvantage.

Q. Wasn't that one of the things that it did accomplish, pretty stiff maintenance of rates? A. Except for a brief time after its organization it was pretty much disregarded in that respect.

Q. If it had maintained rates it would have been injurious to New York? A. With these differentials existing?

Q. Yes, sir. A. I think the maintenance of rates with these differentials existing would be injurious to New York.

Q. What is your individual opinion on the subject of pooling? A. I think it very desirable, if it be permitted and legalized.

Q. You think you could obviate this differential business by a pooling arrangement? A. I don't believe pooling would be a specific for all evils, but I think it would have a very strong tendency to make rates steady, stable and uniform. I think it would have a pretty strong tendency in that regard; it would help the thing.

Q. Would you consider that it would be beneficial or otherwise to New York if pooling went into effect, such as has been suggested? A. I think it would be beneficial to the public everywhere; at New York as well as anywhere else. I do not see where it could possibly injure New York and New York certainly is interested in having stable rates. Every man knowing that he gets just as low a rate as his neighbor without having to interview all the railroad men and his agents to see where the bottom is before he makes a contract.

Q. Of course, my idea is this: If a pooling arrangement, taking into consideration the difficulties, they would be maintained, would they not? A. A pooling arrangement would not have anything to do with specifying the particular rates anywhere. That would be entirely outside the pool. That would be a matter for the railroad to fix just as though there was no pool.

Q. The matter of tonnage would be important to the railroad? A. Yes, sir.

Q. And if it were more or less to New York it would be beneficial or injurious to this port? A. I don't see that a pool would bring more or less tonnage to New York by any direct influence. It would only be by maintaining a stable rate. If the railroads pooled they would work closely together.

Q. If as a basis of this pooling the rate to Baltimore and to Philadelphia and to New York with a differential included, should be made the basis of the pooling rate, that is to say, the rate should be made three cents less to Baltimore and two cents less to Philadelphia than to New York, under the pooling arrangement, there would be no chances for the evasion of that, and as a consequence there would naturally be a largely drift of tariff to those other ports, would there not? A. I don't think I understand clearly. My idea of a pooling arrangement is that the railroads come together. They agree to put their earnings in one pot, they to draw from the pot so much earnings for each one. It has got nothing to do with the basis of the rates at all. Whatever the earnings of the railroad are at the rates the railroads get they go in and are divided on that basis between them.

Q. And the traffic would be decided too? A. The traffic would naturally divide itself, because if the railroad was overcarrying it would make as much money as it put in.

Q. Would it not be difficult to adjust the interests of the port to a pooling agreement? A. I do not think it would have any effect upon it whatever. These things are always difficult of adjustment, but once adjusted a pooling arrangement would give it more stable rates.

Q. Is it not your judgment that such an arrangement would be more injurious to this port than to any other port, taking into consideration your experience in operating with these railroads terminating at other ports? A. No; I cannot say it is. I cannot see why it would affect this port injuriously.

Q. Taking into consideration the decision of the Interstate Commerce Commission, particularly that rendered in the case of the Produce Exchange against the railroads, that it is a matter that New York could adjust to its own advantage if it chose to, that attitude being assured by the authorities and by the railroads, is it not quite likely that it would inure to the disadvantage of this port to pool rates and maintain traffic arrangements beneficial to other ports more than to this port. That is to say, with all the experience you have had, with all the decisions that you know of, that have been rendered in different suits on differentials and so on and in insistence of the railroads at other ports to share in the traffic and the concessions that were made by railroads terminating at those points in that matter, would you not assume that it would be disadvantageous to New York to pool? A. No, I do not think it would, because I do not think a pool would bring about such a condition as you anticipate.

Q. By the maintenance of tonnage, the maintenance of the proportionate tonnage that would be maintained by a pooling arrangement so much traffic would be given to this road, so much to that road, and so much to another road? A. Yes, sir.

Q. Would not New York suffer under such a proportion of the traffic, don't you think? A. Our percentage would be our proportion of the total traffic that comes to New York, and if there did not enough traffic come to New York, it would then reduce the amount that we have our percentage on, we not having any percentage in Philadelphia and Baltimore; that would not suit us.

Q. There are other considerations besides the interests of railroads in the pooling business, the manufacturing interests; do you think the manufacturing interests in this city, in the suburbs of this city, do you think those interests would be served by a pooling arrangement and the proportion of the traffic? A. Yes, sir;

I think the interests of every class that deals with the railroads would be served by the stability of the rates. There are two difficulties; one is the question between the ports, and the other is the discrimination between the shippers. The uncertainty that when a man makes a contract to-day as to what he will have to pay next month when he ships it. If the rates are low they will likely go up. If he could have stable rates and know that they were as low as his competitor's rates; if he knows that these rates are invariable, that it is to this interest, he can go ahead and do his business, without taking risk, and prosper under that sort of arrangement, where there is no discrimination. There is a great advantage in pooling. It tends to keep rates in that way, because if we believe our competitor has cut a rate, our first impulse is that we have no protection now but to cut our rate to meet it; that makes a disturbance right away. If we have a pool we are protected. We are a little patient. We call our competitor's attention to this grievance we have against him. He satisfies us that there is no break in rates. It makes us a little patient, because we know we will get our money, whether we carry the business or not, and we can afford to be a little deliberate. If we have no protection we plunge into a war, and a railroad war means the worst kind of a war between shippers. The rates are being changed all the time. A man comes on from the West and buys his goods and pays a certain rate. His competitor comes on next week and pays half that rate, and can undersell that man if it is a factor in the business.

Q. Of course you recognize that the natural advantages of New York have given it the large proportions of the trade of the United States which it now enjoys; you recognize that? A. Yes, sir.

Q. If you, then, were to adjust a pooling rate, based upon the business that New York now enjoys, New York would thereby waive very much what its natural conditions give it, as to increasing that proportion, would it not? A. I don't mean to pool New York business with Baltimore business, to say New York shall have such a per cent., Philadelphia such a per cent., and Balti-

more such a per cent. I would not make any pool between the cities and assign New York a certain percentage of the business. Let New York get what business properly belongs to it, but such business as does come to New York, let the railroads pool the earnings, and not have this cutthroat competition.

Q. Can you pool the earnings and not proportion the amount of tonnage? A. Yes, sir; we can pool the earnings or the tonnage either, but to make the tonnage subject to a pool, the tonnage coming to New York, take the tonnage which comes to New York, the railroads agree that whatever business comes to New York will count it up at the end of the month and will say how much there is, and you will be entitled to so much per cent.

Q. That would have to be a relation with the business done at other nearby ports? A. I don't see that it would. If we don't get business enough; if New York was not prospering under that agreement, we could reduce our rates to New York.

Q. You would be governed in making your rates by the rates to other ports, to some extent? A. To some extent, but not necessarily by a castiron rule.

Q. To the same extent, as now, practically speaking? A. After pooling is authorized the railroads would have to come together voluntarily and all of them would be pooled.

Mr. Guilford.—I can send you those figures, can I and not bring them myself?

Mr. Fairchild.—I would like you to bring them; I will not detain you long. I want them on the record in the proper way.

By Mr. Fairchild:

Q. Does the New York Central, as between Boston and its Boston and Albany connections on the one side, and New York on the other, make any great endeavor to secure business away from Boston and to New York? A. The business, or most of it, originates beyond our control. We let the business take its course as between the two ports.

Q. You make no endeavor whatever to secure the business for New York? A. We are open for business by either of these

ports. The rates to Boston are higher than the rates to New York; two cents a hundred pounds on the lowest class; the traffic takes its course. Of course, if we get from a steamship here in New York a special rate that is low enough to take the business, as against other ports, why we get it to bring it here, but perhaps the Boston steamship will be in want of a cargo, and will make a still lower rate.

Q. No special effort is made by the New York Central railroad to bring business to this port? A. I think business takes its natural course. We go to both ports, both places. Now New York is our home, our principal place, and we naturally have our greatest business here and do our great business here.

Q. Did you never threaten a rate war or have any fight on your hands as between Boston and New York? A. There has been very little conflict between Boston and New York. The conflict has been with ports that have lower inland rates, like Baltimore, Philadelphia and Newport News.

Q. The Baltimore & Ohio has been fighting to get business for Baltimore, and the Chesapeake & Ohio to get business for Newport News and so on, but the New York Central lets things take their course as between Boston and New York? A. Don't misunderstand me. New York is our principal terminus, naturally everything tends here that we can bring here. Boston has a higher rate than New York. While the Pennsylvania and Baltimore & Ohio are lower, the conflict does not come up. The only way Boston can get through business is steamer lines getting short of cargo and making a low ocean rate to fill up on.

Q. The Fitchburg road is a connection of the West Shore, is it not? A. Yes, sir.

Q. Have you not known of instances where the Fitchburg road has made special inducements to get grain to Boston and away from New York? A. No; I don't know of any such case.

Q. You don't know of any case where the New York Central has discovered and tried to offset any such arrangement? A. We have the canal to compete with to New York and we make rates against the canal. We carry grain here in great quantities very cheap.

Q. Cheaper than you otherwise would? A. When there is any business the canal don't do any business. We can carry it cheaper than the canal.

Q. You are obliged to carry it cheap here during the canal season by reason of the canal? A. They may have started us on it, but we like to bring a great quantity of grain to New York now. We can do it and we do do it. We do it at very low rates and at rates the canal cannot carry it.

Q. Rates in competition with the canal, rates during the canal season? A. My dear sir, the canal has ceased to be regarded by us as a competitor of importance; we don't pay any attention to it as a grain carrier; we fix our rate and do our business; there is no canal to Boston.

Q. Have you known an endeavor to meet competition to New York by the Fitchburg offering special inducements to grain merchants to take the grain to Boston? A. I never heard of any inducements on the part of the Fitchburg, and I should think them to be ridiculous to try to attempt such a thing, considering how low our rates are to New York. They never make any such rates to Boston that I ever heard of as our rates to New York.

Q. Don't they own their terminal in Boston? A. I presume they do.

Q. Don't they own their elevators in Boston? A. I presume they do.

Q. Have you ever heard of their making special inducements so far as port charges are concerned? A. No, sir.

Q. You have never endeavored to discover and meet that competition? A. No, sir; on the contrary, I would be willing to wager that the Fitchburg has never abated one fraction of its elevator charges at Boston.

Q. Have you ever heard of the firm of McIntyre & Wardwell? A. Yes, sir.

Q. It was testified at the last hearing of this Commission by a member of that firm that not only the Fitchburg road came to them and offered them special inducements to induce them to ship grain by way of Boston, and that by reason of this induce-

ment they did ship grain by way of Boston that would otherwise have gone to New York, but also that the West Shore road came to them and offered them inducements. A. What time was that? do you remember whether it was during the open season of navigation?

Q. I think he did not state, but he did state, as I have just said, that he was approached by the Fitchburg road and on another occasion by the West Shore road with such inducements, and that such inducements did lead to his taking grain from New York and sending it to Boston. A. My belief is very strong that they have never abated these port charges. I know the Boston and Albany has not, and I don't believe the Fitchburg ever did. I do understand the Boston and Maine has done so. It is the only railroad in Boston that I have heard of that has done so.

Q. You have never heard of the West Shore road or the Fitchburg road offering any special inducement to take grain to Boston and away from New York? A. No, sir, I am quite sure the West Shore would rather bring it to New York.

Q. You have never taken any steps to ascertain whether that was done or to meet that kind of competition? A. Of course, if I had ever heard of its being done I would try to meet that particular thing. I take steps all the time to bring grain to New York.

By Commissioner Smith:

Q. What would you think of shippers of grain coming here and saying that those special inducements had been offered to them and they had gone to the New York Central railroad and stated that these special inducements were taking grain to Boston and that the New York Central had replied, that if that was so they could not help it; they were not willing to do the business at a loss? A. Possibly, we might have refused; if a man came to me and asked if I could take it, we might not have the cars; would not have the physical powers to bring more business here than we had already contracted for. I should think with such a view of that statement about Boston, it might possibly be true. I think

it is subject to explanation. I think it possible that the Fitchburg having a steamer to leave next Wednesday without any grain and needing a certain amount of grain to load that steamer, they would appeal to the West Shore road, stating the great importance of bringing grain to Boston, they having no grain in the Boston elevators that could go upon that steamer; in such a case the West Shore might make some special effort, might carry it for almost nothing as an accommodation.

Q. This gentleman who gave this testimony was an exceedingly bright man and you would not say that he forgot to state so important a condition as that. A. I don't know what he was trying to prove; I am rather in the dark about it.

Q. He stated what he did state with a great deal of reluctance, as if he were making a confession of something detrimental to New York, that he did not care to do, and he would undoubtedly have been only too glad to avail himself of such a situation to make an explanation. A. I simply could not understand such a statement; I have never known anything of the kind.

Mr. Guilford was here excused until 1.30 p. m., Thursday.

Commission adjourned until 11.30 a. m., October 18th.

NEW YORK, *October 18, 1899.*

A public meeting of the New York Commerce Commission was held this day, in the arbitration committee room of the New York Produce Exchange, at 11.30 o'clock, a. m.

Present: Commissioners Andrew H. Green, chairman pro tem., and Alexander R. Smith; also Hon. Ben L. Fairchild, counsel.

WALTER B. POLLOCK (recalled).

WALTER B. POLLOCK, who was sworn and testified on October 17th, appeared before the Commission and requested that he be allowed to correct his former testimony. He said: The question was asked what experience I had had in lighterage matters, and I wish to correct my answer of yesterday by simply stating that I have served thirty-three years with various railroads in various capacities.

By Mr. Fairchild:

Q. Are there any other corrections you desire to make? A. Yes, sir. A question was asked about the lighterage limits of New York harbor yesterday and I gave them practically correct but omitted some. Now, I will read for the benefit of the Commission, the rules in force on all railroads in New York harbor as to the free lighterage limits. North River—New York city, Battery to One Hundred and Thirty-fifth street. New Jersey side: National storage docks, Communipaw to and including Edgewater, N. J.

By Commissioner Smith:

Q. Opposite what New York street is Edgewater? A. I should think about One Hundred and Thirty-fifth street. East River,—New York city, Battery to Sixty-third street. Except on 8,000 bushels of grain or more or four car loads or more of other "lighterage free" freight to one consignee the free lighterage limits will be from Madison avenue bridge, Harlem river; that I did not have in yesterday. Brooklyn side: From foot of Harsel street (Ravenswood) to second bridge Newtown creek and to first bridge Gowanus canal and to Fifty-third street, South Brooklyn. New York bay points: on north and east shore of Staten Island between Port Richmond and Clifton, both inclusive. Points on the New Jersey shore of New York bay and on Kill von Kull, between Constable Hook and Avenue C, Bayonne City, opposite Port Richmond, S. I. The free lighterage limit for points in the Wallabout canal is the west side of the Washington bridge, and for points in the Gowanus canal, the west side of Hamilton avenue bridge.

SAMUEL TAYLOR, JR. (recalled).

SAMUEL TAYLOR, JR., who had already been sworn, was recalled and testified as follows:

By Mr. Fairchild:

Q. Will you now state how much grain was exported by your firm by way of Norfolk and Newport News as a result of the inducements that were held out by the railroad people, to which

you referred in your former testimony? A. Yes, sir; by Newport News 2,930,809 bushels.

Q. Can you state covering what period? A. That was extended over a period of say—I don't know exactly—five or six years, but the bulk of the stuff was handled in one year. I will give the figures later. The total of Newport News is what I stated. The total at Norfolk was 1,688,886 bushels. During the year, our fiscal year, from May 1, 1891 to May 1, 1892, we handled through Norfolk 1,451,876 bushels and through Newport News, that same year, 588,988 bushels. That was the big grain year. Biggest grain year this country has ever had.

Q. Will you give the amount of exports of grain by way of Boston by your firm? A. I can not give you that because the records have been mislaid. I have searched all over. We have moved our office since then and they were never kept in the way that these other places were. They were mere memoranda and they have been entirely mislaid. I have searched ever since I was here before and have been unable to lay my hands on any figures whatever.

Q. Will you give it approximately? A. I should think about half a million.

Q. The total for the same period? A. Yes, sir. We never did business there, I think, but the one season.

Q. And that was what season? A. I do not know. I think it was 1894 or 1895, but I am not sure.

Q. It was somewhere during that period? A. About that time.

Q. Will you state who it was that came to you from the West Shore road with the offer that induced you to ship grain by way of Boston? A. My recollection is that it was the firm of Lohrke & Co., brokers. They made the offer for the Fitchburg road, that is the Boston connection of the West Shore.

Q. You stated that one offer was made by the Fitchburg road and at another time an offer was made by the West Shore road. Can you state who it was that came to your firm from the West Shore road? A. I could not; no, sir. I do not remember.

Q. Was this offer made at a time when the shipments of grain

to New York were sufficiently great to create a severe glut of grain coming to this port? A. No, sir; it was just the opposite.

Q. As I recall, you testified at the former hearing that when this offer was made, your firm then endeavored to secure better terms from the New York Central to offset that offer. Is that correct? A. I do not recall that I said the New York Central, specifying that road, but New York railroads. We have always preferred to do business through New York if we can.

Q. And your endeavors in that direction were a failure? A. Yes, sir.

Q. To whom did you apply or to what road did you apply for terms that would offset those inducements by the other roads?

A. In all probability it was either direct with the traffic manager of the road or his immediate representative down town in the grain trade.

Q. That is, the traffic manager of the New York Central Railroad Company? A. It was either direct with the traffic manager or his representative, perhaps his assistant, in the case of the New York Central road. In the case of the Erie road, it would have been with the traffic manager or with Mr. Annin who was at that time the grain agent of the Erie road.

Q. Then the refusal on the part of the New York Central must have been made either by Mr. Guilford or by his representative down town? A. Yes, sir.

By Commissioner Smith:

Q. Would you say the matter would have come before Mr. Guilford for his consideration, after you made arrangements with his assistant down here? A. That was my understanding. In every case the matter was laid before the traffic manager or some one who said they had conferred with the traffic department.

FRANK G. OSBORNE.

F. G. OSBORNE, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Frank G. Osborne.

Q. Where do you reside? A. Two hundred and thirty-six Green avenue, Brooklyn.

Q. What is your business? A. I am a lighterman; master lighterman of the Pennsylvania road.

Q. That is, you have charge of the lighterage department in New York city of the Pennsylvania railroad? A. I have charge of the boats—of the lighters. My title is master lighterman. I have charge of the equipment—that is, the boats—the steamboats, the barges, lighters and car floats.

Q. Haven't you charge of the operation of those boats? A. No.

Q. Who, in New York city, has? A. That comes in the commercial department. My province is to look out for the boats; that is to say, for their movement, their repairs, rebuilding and the provision of new equipment. That is all I have to do with it.

Q. Your own office would have no record as to either receipts of the lighterage department or any expenses of the operation of the lighterage department? A. Only the expenses of my own maintenance, repairs to the boats, the manning of the boats, what we pay out for towing boats that our own steamboats will not do, and the labor of loading or unloading boats at points other than our own property. That is all my records show.

Q. And also fuel for operating the boats? A. I pass the bills. I sign the bills for that, but I have nothing to do with the payment or the charges for fuel. I simply certify that we received a certain quantity of coal per boat named each month.

Q. And the accounts of those expenses that you have enumerated would be in your office? A. Well, I think they all would be—that is, the towing. The repairs we get from another department. I do not keep the repairs account, but I am advised by another department, the motive power department, what those repairs cost.

Q. With the exception of repairs, all the expenses of operating the boats for the Pennsylvania Railroad in New York's port would be in your office? A. I get the charge of fuel from another department. I do not have it.

Q. Have you the account of it in your office? A. We keep a monthly statement of it; yes, sir.

Q. I do not suppose you have those statements with you now? A. No, sir; for any period of time they cover many boxes of papers.

Q. I should like to have you produce at the next hearing—to-morrow—the accounts to which you referred, showing the monthly expenses for the fiscal years 1897-1898 and 1898-1899? A. That is, for manning and fuel——

Q. All the expenses of operating the boats, all expenses for which you have the accounts in your office, which you say are made out monthly; I should like to have the monthly items for that period? A. Understand, the fuel is not made out in my office. I am advised; so, too, with the repairs.

Q. You have the accounts in your office after you have been informed? A. I have no account except the items. They will say: "Repairs to barge Altoona for such a month cost \$250."

Q. And it is in that manner that these items reach your office? A. That is all.

Q. You have them there in your office? A. Yes, sir.

Q. Furnished in that way? A. Yes, sir.

Q. I would like to have all those expenses included, whatever expenses you have in your office. A. I do not pass on them, sir. I have nothing to do with that. It is another department. I will make a memorandum and furnish what information I can.

Q. How long have you occupied that position of master lighter-man for the Pennsylvania Railroad? A. Fourteen years.

Q. You are somewhat familiar with the cost of loading and unloading merchandise onto and off from lighters? A. Fairly familiar with it.

Q. What would be the cost of loading and unloading, and where there would be a difference of cost, according to the class of merchandise, explain in your answer what would be the cost for the principal classes of merchandise? A. There are so many factors that enter into that that it is a very difficult question to answer. For example, we may load or unload one kind of freight to or

from a very nearby point at a minimum rate of cost. Take, for example, we may deliver flour right alongside the string pieces and it will cost possibly half a cent a barrel. Another factor that enters into the question with us is the number of the crew that we may have on our boat. We may have one or two or three of what we call mates to assist in this loading or unloading. At another time we may have none, for each boat does not carry a mate, and we gather our mates from otherwise idle boats. Now, the cost of loading and unloading general merchandise—I do not know anything about grain—taking the good, bad and indifferent, I should say was a matter of ten or fifteen cents a ton.

Q. Would it be rather under than over? A. I should rather average it at twelve cents a ton.

Q. You mean by that exclusively the cost of unloading and loading? A. Either one; yes, sir.

Q. I am not asking regarding the cost of transportation? A. No, sir; just the mere manual labor of loading and unloading, I should judge, would be about that.

By Commissioner Smith:

Q. It would average twelve cents for each, loading and unloading? A. Either one; about the same cost.

Mr. Fairchild.—I would suggest that Mr. Osborne be excused until to-morrow afternoon at 1.30 o'clock.

Mr. Osborne.—It is a pretty long story to make up. I will say this. It is peculiar with our company. Our business is this way. I look after these boats. I say to the motive power department: "This boat wants certain repairs in my estimation." He then examines the boat, and if he agrees with me he causes those repairs to be made. The shops in which they are made are entirely beyond my control. I have nothing to do with that at all.

Mr. Fairchild.—Would Monday be sufficient time?

Mr. Osborne.—I think it would be better than to-morrow. It would be pretty quick for the three years.

Mr. Fairchild.—Two years—the fiscal years 1897-1898 and 1898-1899.

Mr. Osborne.—Eighteen hundred and ninety-seven from what time?

Mr. Fairchild.—Your fiscal year.

Mr. Osborne.—We have no fiscal year. We make up a certain statement for my superior officer for each month. We don't have any fiscal year in my department at all.

Mr. Fairchild.—I would like you to produce the figures by months for the years 1898 and 1899, to the present time, and you might be prepared with those on Monday, then, at 11 o'clock.

Mr. Osborne.—All right.

Witness was here excused to appear October 23, 1899, at 11 a. m.

EDWIN T. DOUGLASS.

E. T. DOUGLASS, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Edwin T. Douglass.

Q. Your residence? A. Plainfield, N. J.

Q. Your business? A. Ninety-one Wall street, New York city.

Q. What is your business? A. I am the general eastern agent of the Western Transit Co.

Q. The Western Transit Co. is the lake line that is controlled by the New York Central Railroad Co.? A. Yes, sir.

Q. Is it an incorporated company? A. Yes, sir; I so understand.

Q. Who are the directors of the Western Transit Co.? A. That I do not know.

Q. Who is the president? A. I think Mr. S. R. Calloway, although I am not sure of that.

Q. Mr. S. R. Calloway, the president of the New York Central Railroad Co., is also the president of the Western Transit Co.? A. I think so; I am not positive on that point.

Q. Do you know the names of any other officers? A. The vice-president and general manager is Gibson L. Douglass, of Buffalo; the treasurer is Mr. E. V. W. Rossiter.

By Commissioner Smith:

Q. He is also the treasurer of the New York Central Railroad Company? A. Also; yes, sir. Beyond that I do not know as we have any officers. I do not know that. I am speaking now not from anything I know authoritatively. It is my impression. I have no occasion to come in contact with them except the general manager.

By Mr. Fairchild:

Q. Have you heard of what is known as the Western Transit Canal line? A. Well, I do not know as I have heard of it in just that shape, excepting that you mean the line that I work for, the Western Transit Co.

Q. Is there not a canal line known as the Western Transit line? A. There is a canal line known as the Western Transit line among shippers of west-bound freight.

Q. What is your connection with that line? A. I am general eastern agent of that line.

Q. What relation does that line bear to the Western Transit Co.? A. Well, it is operated by the Western Transit Co.

Q. And you are the agent of the Western Transit line by reason of your official position with the Western Transit Company? A. Yes, sir.

Q. Will you explain what that line is that is known as the Western Transit line? A. On west-bound business it is known as a line operating over the Erie canal in connection, and connecting at Buffalo, with the Western Transit Co. steamers. On east-bound it is known as the Western Transit Co. steamers to Buffalo, connecting there with the New York Central Railroad or any other that it might connect with or deliver freight to.

By Commissioner Smith:

Q. Does it have any canal connection east bound? A. None whatever.

By Mr. Fairchild:

Q. As to west-bound traffic, the canal line known as the Western Transit line has exclusive connection, then, with the Western

Transit Co.? A. It has to such points as we reach with our own steamers; but the Western Transit line would connect, for instance, at Buffalo, on business going to Cleveland, with the C. & B. line—the Cleveland and Buffalo line, or it would connect at Buffalo with any rail line, should the shipper wish to forward to a point in Michigan or any point where the rate would be lower than by lake, more advantageous to them.

Q. That is, to points west of Buffalo that are not reached by either the New York Central Railroad Co. or any of its connections, either by rail or lake? A. Well, the New York Central does not run west of Buffalo.

Q. But it has western connections? A. Yes, sir; the Western Transit line, in other words, would connect at Buffalo with any railroad or steamboat line going from that point to another point, excepting where the freight was destined to a point reached by the Western Transit Co. Of course, we naturally would carry it on our own steamers in that case.

Q. Is it a fact, as I understood Mr. Guilford, the traffic manager of the New York Central Railroad Co. to testify yesterday, that you, in arranging freight destined for the Western Transit Co. are instructed to secure all freight possible, first for the New York Central Railroad Co., and that it is only as to freight that you are unable to secure for the New York Central Railroad Co. that you endeavor then to secure for the canal line? A. Did Mr. Guilford make that statement yesterday?

Q. That is what the testimony shows. A. Well, I do not know that I have ever received any instructions in just that way. I think that perhaps you have not gotten the matter clearly before you. Mr. Guilford perhaps referred, when he spoke of the New York Central Railroad Co. to a rail and lake line which we operate, that we call the Western Express of New York Central lake and rail.

Q. You secure freight for the New York Central lake and rail line and you also secure freight for the New York Central canal line? A. Yes, sir; if you choose to call it that.

Q. In occupying that dual position, to which line do you give

the preference, where you can give it the preference, the lake and rail or the canal and lake line? A. Well, it is hard to conceive a position where we could have any preference. The rates are so different—so wide apart. You understand, for instance, that our first-class rate by lake and rail to Chicago is fifty-four cents and our first-class rate by canal and lake to Chicago is thirty-five cents.

By Commissioner Smith:

Q. Canal and lake? A. Canal and lake; yes, sir. I do not know that I have ever been in a position—I will not say that I have not been—I do not recall a position where I have been able to influence the shipper to a sufficient extent that he will pay that difference in rate and let me ship it by the New York Central lake and rail.

Q. Then, as I understand you, for all freight that you are able to receive, for which you can secure a higher rate, it goes by lake and rail, and all freight that you are unable to secure at the higher rate, but are able to secure at the lower rate, goes by canal and lake? A. No, I do not say that. It is a question entirely with the man who has the shipment to make. There are two routes. One route, by lake and rail, we will say, will make six days to Chicago; the route by canal and lake will make anywhere from eighteen to twenty days to Chicago. Now, if the shipper is in a sufficient hurry for his goods to use lake and rail then he will use that line and pay the additional rate. If, on the contrary, he can take advantage of the slow time he will take advantage of the canal and lake rate. I do not influence it one way or the other. I solicit it. I have my two routes.

Q. Then the existence of the Western Transit line enables the Western Transit Co. and the New York Central Railroad Co. to secure freight that otherwise would go by canal lines in which they have no interest? A. Exactly.

Q. That is the reason for the existence of the Western Transit line? A. That I can not say; I presume that would be the natural reason.

Q. Is the Western Transit line an incorporated company? A. No, not that I understand. The Western Transit Company is incorporated.

Q. But the Western Transit line is not? A. We do not call ourselves the Western Transit line. That is something the shippers give to us.

Q. What do you call yourselves? A. We call ourselves the Western Transit Company for canal and lake business, and the Western Express for rail and lake.

By Commissioner Smith:

Q. There really is no separate organization? A. No. The Western Transit Company operate both canal and lake and lake and rail routes.

By Mr. Fairchild:

Q. You own no canal boats of your own? A. No, sir.

Q. You simply secure this freight at canal rates and then you ship it by such canal boats as you can secure for that purpose? A. Yes, sir; we charter boats as we need them.

Q. Do you know what the capitalization of the Western Transit Company is? A. No, sir.

Q. The Western Transit Company, you testified, is an incorporated company? A. Yes, sir; I know that.

By Commissioner Smith:

Q. Separate from the New York Central Railroad Company, distinct and separate? A. Yes, sir.

By Mr. Fairchild:

Q. Do you know anything about the dividends declared by the Western Transit Company? A. No, sir.

Q. Do you know whether they have ever paid any dividends? A. That I do not know.

Q. From whom do you receive your compensation? A. For my work?

Q. Yes, sir. A. From the Western Transit Company.

Q. Do you receive a separate compensation for your work as agent of the rail and lake line as distinguished from the canal and lake line? A. No, sir.

Q. You receive one salary? A. Yes, sir.

Q. And for that salary you perform both services? A. Yes, sir.

Q. Your salaries are paid by check? A. Yes, sir; it is by check.

Q. Check of the Western Transit Company? A. Yes, sir.

Q. And the check is signed by the officers of the Western Transit Company? A. Yes, sir; by the treasurer.

Q. By Mr. Rossiter who is also treasurer of the New York Central Railroad Company? A. He signs the Western Transit Company check which I receive.

Q. Who receives the collections made on freight going over the canal and lake line, so far as the canal service is concerned? A. What do you mean?

Q. What company receives it? A. Why the line that collects the freight, the delivering line.

Q. Irrespective of who collects it, who ultimately receives the profits made on freight that is carried over the canal by what is known as the Western Transit line? A. The Western Transit Company receives that.

Q. Do you know what division, if any, is made between the New York Central Railroad Company and the Western Transit Company of the profits of the Western Transit Company? A. No, sir; I do not.

Q. Now where is the freight station of what is known as the Western Transit line in New York city? A. Our general merchandise pier, where we receive all the time, is at New Pier 6, East River, and then we pick freight up wherever it may be, direct from steamship piers or storehouses along the line of the river.

Q. And you direct these canal boats that you charter to go there for it? A. Yes, sir.

Q. What proportion of westbound freight that goes by the Western Transit line is received at Pier 6 compared to the

amount that is picked up at other points? A. That is rather a hard question to answer. I should say between a fifth and a sixth of it. Of the total shipments, for instance, made by the Western Transit Company, by canal and lake from New York, twenty per cent. would be received at Pier 6.

Q. Would it be received at any of the freight stations of the New York Central Railroad Company? A. No, sir.

Q. Pier 6, that is one of what are generally known as the canal piers? A. Yes, sir.

Q. Now on this canal and lake business, westbound, you have competitors? A. Yes, sir.

Q. Who are they? A. You mean the names of the agents or the lines operating?

Q. Both. You might give the name of the line and in connection with the name of each line the name of the agent. A. Western States line, C. L. Leonard, agent. That is operated, or supposed to be operated by the Pennsylvania road. The Diamond Despatch, E. K. Taylor, agent. That is supposed to be the Lehigh Valley line. The Union Steamboat Company, A. Demarest, agent. That is supposed to be an Erie line. The American Transit Company, L. Demarest, agent. That is supposed to be, used to be, a Lackawanna line, but they do not operate a lake line now. I suppose it is so considered still. That is four and ourselves are five. Those are what we consider the regular lines. Outside of those there are other men operating over the canal independently.

Q. What lines are those? A. There is the Erie Boatmen's Transportation Company.

Q. Operated by whom? A. Operated by E. M. Oxley and William Cleary. Then there is the Inland Transportation Despatch, operated by George Stillwell, Jr. I think that E. M. Oxley operates a line. We have not heard much of him this year and I am not sure whether that line is being operated or not.

Q. The first five lines, which includes your line, are what you would term as railroad lines? A. Regular lines; lines that represent a tangible corporation at the other end. In other words regular lines.

Q. The boat lines are controlled by the railroads that you mentioned? A. That is my understanding. I do not know the inside workings, of course.

Q. Now all these five lines occupy space on one or more of the piers known as the canal piers? A. Yes, sir, and others, too, that I have not mentioned, have the same privilege.

Q. What arrangement have you for occupying Pier 6 and who is that arrangement with? A. We get a yearly permit from the Dock board to occupy a portion of Pier 6.

Q. That permit is given to what corporation? A. The Western Transit Company.

Q. Direct? A. To me; I apply for it and get it.

By Commissioner Smith:

Q. Are you limited to a certain portion of the dock? A. Yes, sir; two berths on the upper bulkhead, upper side; maintain two derricks, tally house and dock boxes; that is the way the permission usually reads.

Q. How much space on the bulkhead do you have, on the land back of the bulkhead? A. No space.

Q. You can not erect any sheds? A. No, sir. We simply have the two berths for our boats and opposite each is our derrick, which we use.

Q. That is a permanent structure on the dock? A. The derrick is; yes, sir. It is a large mast derrick. It has to be permanent in a way. It can be lifted out easily.

By Mr. Fairchild:

Q. Where you receive freight at points other than your own station, which I understand you to say is about four-fifths of the total amount of freight, how do you secure at those points the loading into the canal boat from the wharf? A. We have a stevedore who attends to that for us.

Q. He accompanies the boat? A. He accompanies the boat or goes very shortly afterward.

Q. What is the cost of loading merchandise on the canal boat

at these different piers? A. That varies with the kind of merchandise we have to load, also the distance away from our boat we have to take it, its location on the pier, and all those things enter into the question.

Q. What would you say would be the average cost of loading onto the canal boat? A. Of all kinds of freight that we handle?

Q. Yes, sir. A. I could not give an estimate; you see it is so varied in its nature.

Q. What would you say was the minimum cost, and then you might give a maximum, and if you will, what classes of freight represent the minimum and what the maximum? A. We have some freight we load at fifteen cents a ton, and then I have freight that costs me a dollar a ton to load.

By Commissioner Smith:

Q. Do you preserve a record of the number of tons you ship and the amounts you pay for loading it? A. Yes, sir.

By Mr. Fairchild:

Q. Then you can produce that record here? A. Yes, sir; certainly, if I have to.

Mr. Fairchild.—I would suggest that Mr. Douglass be excused until Monday morning, and I may take occasion in the meantime to see him and save him some trouble by ascertaining just what I want from him.

Mr. Douglass was therefore excused with instructions to appear on Monday, October 23, 1899, at 11 o'clock a. m.

Commission here adjourned until Thursday, October 19, 1899, at 1.30 p. m.

NEW YORK, *October 19, 1899.*

A public hearing of the New York Commerce Commission was held this day, in the arbitration committee room of the New York Produce Exchange, at 1.40 o'clock p. m.

Present: Commissioners Andrew H. Green, chairman pro tem., Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

At the suggestion of counsel, Mr. Andrew Donaldson, treasurer of the Erie Railway Company, and Mr. Fred. F. Chambers, treasurer of the Delaware, Lackawanna & Western Railroad Company, were excused until Monday morning at 11 o'clock. He also suggested that Mr. Stephen W. Williams of the Central Railroad Company of New Jersey, be excused until that time, but Mr. Williams, who was present, stated that he thought the Commission could get through with him very quick.

STEPHEN W. WILLIAMS.

By Mr. Fairchild:

Q. Have you brought the books of the Central Railroad of New Jersey here, called for by the subpoena? A. You did not call for the books; you called for the books and accounts relating to lighterage, of which we have none.

Q. You have a lighterage business that you transact? A. No, sir; we never had a lighter.

Q. There is lightering done for your road? A. Oh, yes; we lighter freight.

Q. By some lighterage company? A. A number, I suppose.

Q. You have accounts therefore, of expense of that lightering? A. No we have not.

Q. You keep no accounts whatever? A. None whatever.

Q. The Central Railroad Company of New Jersey keeps no account whatever? A. No account of any expense of lightering.

Q. You do keep accounts? A. We do keep accounts; very elaborate accounts, but we have no lightering business.

Q. You do make disbursements for the lightering that is done for your company? A. Yes, sir; we pay for lightering.

Q. Those disbursements are entered in one way or another in your accounts? A. We have got what we pay out.

Q. Have you those here with you? A. No, sir; I could not bring them.

Mr. Fairchild—I realize that it will be a great deal of trouble for you to bring them. I am desirous of saving you trouble, and at the same time getting at what we want, and I will

be very glad to see you and arrange as to what we want and what we can get along without.

At the suggestion of Mr. Fairchild. Mr. Williams was excused until Monday morning at 11 o'clock.

HENRY H. KINGSTON.

HENRY H. KINGSTON, general traffic manager of the Lehigh Valley Railroad Company, appeared before the Commission.

By Mr. Fairchild:

Q. Have you brought with you the accounts called for by the subpoena? A. No, I have not; they are not in my possession, and I doubt whether any such accounts are in existence.

Q. Who does your lighterage business, a lighterage company, or do you have lighterage departments of your own? A. It is all done by outside people.

Q. And your accounts show the disbursements that are made for that? A. I presume they do, but I doubt whether they show them as lighterage accounts, for the reason that other work is mixed up with it, such as stevedore work.

Q. I have not the disposition to require your company to bring those books up here, and believe by meeting with you I can quickly ascertain what you can be saved from bringing and what we desire, and I would be very glad to take occasion to see you between now and Monday morning at 11 o'clock to ascertain how much trouble can be saved in that respect. A. I am not particularly anxious to be saved trouble.

Q. You don't want to bring all the accounts of the company up here? A. That would be impossible, because our account books are not in New York, they are all in Pennsylvania. Just what account books they have pertaining to these years it is impossible for me to know.

At the suggestion of Mr. Fairchild, Mr. Kingston was excused until Monday morning at 11 o'clock.

NATHAN GUILFORD (recalled.)

NATHAN GUILFORD, recalled, testified, as follows:

By Mr. Fairchild:

Q. Are you prepared now to produce the figures called for at the last hearing regarding the proportionate tonnage that comes to this port of the total tonnage of the New York Central? A. Yes, sir; for the year ending June 30, 1899, the number of tons of freight received at New York city stations of the New York Central railroad was 3,109,305 tons, and for the six months preceding that 1,538,642 tons.

Q. Are you prepared to state what proportion of that tonnage is a tonnage upon which three cents per hundred pounds is paid to the New York Central before prorating with the western connections? A. Not with accuracy; no, sir.

Q. You can approximately? A. I should say it was fifteen to twenty per cent.

Q. Is it practicable for you to ascertain from the books of the company what proportion? A. It is not. There is not, as I explained to you before, a separate account kept of that contribution. It goes into our freight revenue with the rate. We have no object in keeping it separate, and don't keep it separate. The only way to do it would be to go in detail over the bills.

Q. Or go into detail as to the items of accounts, as they have been posted? A. We have to look at the waybill to see whether it is a lighterage free bill. The books would not show anything but so much money between certain points at certain periods.

Q. You have given the figures there for periods of six months? A. For the year and six months. I first give it for the year, but I remembered that you had from Mr. Pollock certain figures that covered the six months of the preceding year, and I thought perhaps you would like the same period for these figures so I added these six months.

Q. Suppose we take a shorter period, six months, would it not be practicable to furnish the Commission the total amount of tonnage for the period of six months upon which you have re-

ceived the three cents per hundred pounds? A. It would only be practicable by hiring a corp of clerks to go through many million waybills.

Q. That would be for six months? A. Yes, sir.

Q. The other day you gave some testimony regarding the Western Transit Company as being the lake line controlled by the New York Central Railroad Company, can you give the names of the directors of the Western Transit Company? A. No; I cannot.

Q. Can you give some of them? A. I am one of them.

Q. Can you name any others? A. I could name several.

Q. Name several? A. Mr. Callaway, our president. is one.

Q. He is president of the New York Central Railroad Company? A. Yes, sir. Mr. George Erben,

By Commissioner Smith:

Q. Of Buffalo? A. Yes, sir; he is one; I don't recall any others at the moment.

Q. Is Mr. Erben a director in the New York Central Railroad Company also? A. No, sir; I think not.

Q. Does he hold any relation to it? A. I think not; not that I know of.

By Mr. Fairchild:

Q. Is Mr. Douglass one? A. No, sir.

Q. Is Mr. Rossiter one? A. I don't know; I don't recall whether he is one or not.

Q. How often do the directors meet? A. About once a year.

Q. When was the last meeting? A. I think last January, something like that.

Q. Do you recall the directors who were present at that meeting, were you present? A. I was. I don't recall them further.

Q. Is Mr. Rossiter the treasurer of the Western Transit Company? A. Yes, sir; I think he is.

Q. He is also treasurer of the New York Central Railroad Company? A. Yes, sir.

Q. Is Mr. Callaway the president of the Western Transit Company? A. No, sir.

Q. Who is the president? A. I don't know who the president is.

Q. Are you sure Mr. Callaway is not the president? A. Yes, sir; I am sure he is not president; some Buffalo man, I believe.

Q. Mr. Douglass is the vice-president, I understand, and the general manager? A. He is the vice-president.

Q. It has been testified to here that Mr. Callaway is the president of the Western Transit Company, are you sure that is not so? A. I am sure it is not so.

Q. Who owns the stock of the Western Transit Company?

A. I cannot tell you sir. It is not in my department. I am simply a traffic officer. That is a matter I know very little about.

Q. Is the majority owned by the New York Central Railroad Company? A. I suppose it to be.

Q. Aside from the fact that the New York Central owns a majority of the stock of the Western Transit Company, is there any agreement existing between the New York Central and the Western Transit Company? A. There is a traffic agreement, I think.

Q. What is that traffic agreement? A. In what respect. I don't know that I can tell you the points of it. It is such that is usual for the exchange of business.

Q. That is the traffic agreement as to the division of rates? A. The division of rates with the Western Transit Company?

Q. And the New York Central Railroad Company? A. There is no division of rates in the sense as is used between railroad companies; some such provision as this: That we shall charge them no higher than we would anybody else or something of that kind, a general provision.

Q. What agreement is there as to the rates on through bills? A. There is nothing except what I say. If they make a through bill they allow us whatever rate we charge at the time, and take the balance themselves.

Q. Can you state what that division is? A. No; I cannot state what it is on every commodity or on any commodity. At present I can say this: If the rate happens to be twenty-five cents from Chicago, they allow us a fraction less than thirteen cents.

Twelve and ninety-seven one hundredth cents, is what they allow us.

Q. Of the through rate? A. Of the through rate. When the all-rail rate is twenty-five cents they make a lower rate. They allow us twelve and ninety-seven hundredths because that is the proportion of the all-rail rate.

Q. Does the New York Central Railroad Company own all the stock of the Western Transit Co.? A. You will have to ask somebody that knows. I don't know.

Q. Have you any idea on that subject? A. I have a general idea that we control that company and substantially own it.

Q. Substantially own all the stock? A. I don't know anything about the stock.

By Commissioner Smith:

Q. As a director, do you get a dividend? A. No, sir.

Q. Are you the owner of stock in the company? A. Only a qualifying share.

By Mr. Fairchild:

Q. How long have you owned that qualifying share? A. About three years.

Q. Have you ever received a dividend on it? A. No, sir.

Q. As a matter of fact all the receipts of the Western Transit Co. really go to the New York Central Railroad Co.? A. They do if the New York Central Railroad Co. owns it. That is your deduction. Don't put things in my mouth that I don't say. You are questioning me about a matter that you know as much about as I do. These financial matters I have nothing to do with.

Q. Is that your understanding of the situation? A. My understanding is that the New York Central practically controls by ownership the Western Transit Co.

Q. Your understanding is that all the receipts of the Western Transit Co. go to the New York Central Railroad Co.? A. You are at liberty to draw that conclusion.

Q. That is your understanding of it? A. I don't know what

becomes of the receipts. I have nothing to do with them. If you will examine an officer that knows something about it—that handles the accounts of finances—you can get a satisfactory answer.

Q. Who, for instance, Mr. Rossiter? A. I suppose Mr. Rossiter is treasurer.

Q. Do you know any corporation that is owned or controlled by the New York Central Railroad Co. other than the Western Transit Co.? A. I understand that there are a number of corporations that are controlled by the New York Central Railroad Co.

Q. Will you name some of the corporations that you understand are controlled by the New York Central Railroad Co. other than the Western Transit Co.? A. With reference to other railroads or lake lines?

Q. Any corporation? A. I can name some of them. The New York and Harlem Railroad.

Q. That is leased to the New York Central Railroad Co.? A. Yes, sir. The Mohawk and Malone Railroad; the Rome, Watertown and Ogdensburg Railroad; the Gouverneur and Oswegatchie; the Carthage and Adirondack; the West Shore; the Lake Shore and Michigan Southern, and the Michigan Central are some of them.

Q. Do you know of any corporations other than railroad corporations that are controlled by the New York Central Railroad Co.? A. No, sir.

Q. Do you know of any corporations other than the Western Transit Co. and the railroad corporations with which the New York Central Railroad Company has agreements? A. We have traffic agreements with a great many railroads.

Q. Other than railroad companies? A. I don't recall any.

Q. What is the traffic agreement now existing between the New York Central Railroad Co. and the Boston and Albany Railroad Co.? A. It is an arrangement for making through rates jointly between the two roads. It is generally known as a joint traffic agreement by which the through business can be done at through rates.

Q. Take freight from Chicago, coming over the western connections of the New York Central Railroad Co. and the New York Central to Albany, and thence by the Boston and Albany Railroad, under the existing agreement between the New York Central Railroad Co. and the Boston and Albany; what would be the division between the Boston and Albany and the New York Central? A. It would be to each road the prorate per mile. It depends on where it came from.

Q. My question was from Chicago. A. From Chicago they would get in the neighborhood of twenty per cent.—nineteen or twenty per cent.—whatever their mileage would be compared to the whole.

Q. Is it in every case strictly based on the mileage of the respective roads? A. Not to every place in the west because there are some roads that are very short, and that road would receive something more than its mileage. It is customary among railroads where mileage is so small where it would not cut any figure, they give something more. Substantially speaking that is the rule.

Q. Is the New York Central the owner of the bridge crossing the Hudson river at Albany? A. I don't know.

Q. Have you ever received any information on that subject? A. No, sir; I have never had occasion to interest myself. There is a bridge there that is used for joint business. I don't know and don't care who owns it.

Q. Is the New York Central the owner of all the trackage in the vicinity of the Harlem river and in the vicinity of Spuyten Duyvil? A. I don't know what they own.

Q. If the New York Central Railroad Co. was not the owner of the trackage in the vicinity of Spuyten Duyvil you would not be informed of that? A. Not necessarily. My business is to get traffic for the railroad. I have nothing to do with its proprietary rights, with the operation of its trains or its tracks.

Q. Neither would you have any information on that subject? A. Not unless I happened on it accidentally.

Q. How long have you been connected with the New York Central Railroad Co.? A. Something over twelve years.

Q. How long have you occupied your present position? A. Same period.

By Commissioner Smith:

Q. Is there an agreement between the New York Central Railroad and this lake traffic company that freight going west shall be shipped over the lake company's line? A. Exclusively, there is no such agreement.

Q. What is the practical fact about it; the business is largely done over that line, is it not? A. The west-bound rail business of the Western Transit Co. is done exclusively with the New York Central Railroad Co.

Q. The west bound? A. The rail business, yes, sir; but the Western Transit Co. looks to other concerns than the New York Central for its business.

Q. It is an agreement with the New York Central road, is it not, that it takes this freight to the west? A. Yes, sir.

Q. Have you a copy of that agreement? A. No, I have not such an agreement. I don't know that it is a matter of record; but it has been working on that basis for many years.

Q. You don't know what the terms of the agreement are? A. They take our freight to the west and we take theirs. With relation to the general terms of the agreement—the division of rates between us—is a matter of bookkeeping, which shows the proportion we get and the proportion they get.

Q. The rates they get for taking the freight west from the New York Central Railroad Company? A. The rates from New York, say, to Chicago, by rail and lake are established by the trunk lines and are less, naturally, than the rates from New York to Chicago by rail all the way. The New York Central Railroad Company receives the same from New York whether it goes by rail all the way or whether it is billed to the Western Transit Company. The Western Transit Company receives what is left of the rate after giving the New York Central the same proportion it would receive on rail business.

Q. What I want to know is whether there is an agreement be-

tween this Western Transit Co. and the New York Central Railroad Co. for carrying their freight west from Buffalo? A. Whether it is done under a written agreement?

Q. It is not what the trunk lines do, but whether the New York Central Railroad Co. has an agreement as to that road and the lake transportation company about carrying freight west from Buffalo? A. I understand there is an agreement between the New York Central Railroad Co. and the Western Transit Co. covering various points; but I am not the custodian of it.

Q. You are not familiar with the passenger traffic at all? A. No, sir; I have nothing to do with it.

Q. The Adams Express Company comes under your jurisdiction, does it not? A. No, sir; the American Express Co. runs over our road.

Q. Does that come within your jurisdiction? A. Generally I look after that business.

Q. They have an agreement with the New York Central Railroad Co. as to the rates they shall charge? A. Yes, sir.

Q. What other lines, have you not a Blue Line and a Red Line? A. Yes, sir, those are simply trade marks, names that are applied to certain routes.

Q. Are they organized companies? A. No, sir, they are not organized companies. It is simply that we paint certain cars red and certain cars blue. The red cars go over the Michigan Central and the blue over the Lake Shore.

Q. Take the Blue Line, how do you manage about the class of freight that comes in those cars? A. Those are nothing but the railroad cars.

Q. Any particular class of freight go into them? A. Any kind of freight.

Q. Then is a special road interested by an agreement as to the freight taken in those cars and freight taken in other cars? A. No, sir; they are nothing but common cars. They are simply different from the ordinary cars by being painted and lettered differently. There is no organization of any kind. It is a trade mark that has been in force many years in order that the cars may

be kept in one route and not go astray all over the country. Those that go to the north shore of the lake were painted blue and certain cars that were set aside for the south shore of the lake were painted red; others going to the southwest were painted white. They are just for public use, for any purpose so long as they are confined to the route they are built for.

Q. How about the Wagner cars, have they an arrangement with the New York Central road? A. That is passenger business, I know nothing about it.

Q. Mr. Daniels would know about that? A. I suppose he might.

By Commissioner Smith:

Q. This lighterage rate that you have spoken of, of course, it has some basis. The three cents per hundred pounds or whatever proportion of it you get is prorated to you because it is supposed to be sufficient to cover the cost of lightering, is not that the basis? A. I should like to aid in making clear some misapprehensions which seems to exist about this lighterage matter. It seems to be regarded in some sense as a tax upon the commerce of New York.

Q. It has been said that it is an excessive tax, and that is just what this Commission desires to find out. A. It is in no sense a tax on the commerce of New York whatever. It is a facility offered to the commerce of New York. How can it be possible for the commerce of New York to be injured, that the railroad company instead of delivering the freight, as railroads generally do at their own stations and terminal points, go further and deliver it, without charge, at the doors of the consignees, at any point within miles of river front and distant from their terminals, and make no charge for it.

Q. When that business is at the initial point in the west there is an allowance made for lighterage, as I understand it, if it is destined for New York and before the prorating is done an amount set aside for lighterage is deducted from the full amount, and after that, the balance is prorated between the roads, is not that so? A. Yes, sir.

Q. That being so, would it not naturally be to the interest of the railroad with which the traffic originates, to prefer to ship that by a road that did not exact a lighterage charge in order that its prorate might not be reduced through the first taking out of this lighterage amount? A. The other ports do not yield any better divisions to the originating roads, as a rule, than New York. There are terminal charges at other ports. The rates, most of them, are lower than they are to New York. Those terminal charges come out of these lower rates and leaves a still smaller amount to prorate. In speaking of our line it is purely a matter of bookkeeping, we own the tracks substantially through to Chicago, which is the great center of the western business. It is purely a matter of bookkeeping.

Q. It is not the desire of this Commission in any way to assert that you are getting an excessive rate for your lighterage, and if it is a fact that you get a rate that barely compensates you for the lighterage work, would it not be to the interest of your road to tell us these facts and have them placed upon the record, to dismiss that assertion? A. I think it would if we had them, but you are asking for something we do not keep separate at all. Just remember this fact. I don't suppose it is as much as twenty per cent. of our business that we get any allowance on. The great bulk of it we get no allowance whatever on. The great bulk of our business originates on our own tracks at or east of Buffalo, and that we have to perform this service on without any compensation whatever and it is only a comparatively small amount of business that comes to us from our rail connections west that we get any allowance on. Nine-tenths of that is merely a matter of bookkeeping, taking it from one pocket and putting it in another, for they are our own roads.

Q. You seem to be taking a position that we are hostile to your road. A. The direction of the questions appear to me to show that the railroads are imposing a heavy tax upon shipping by way of the port of New York and that the railroads are to blame for it. We seem to be criticised for it and I have tried to show that there is no tax whatever.

Q. If you don't give us any details in that matter how are we to settle the assertion that has so often been reiterated that the lighterage charges in New York are excessive? A. I don't think a man can be produced who ever paid one cent. The city of New York, which has such excessive and enormous taxes upon any vessel that comes here to New York, with all its miles of waterfront, and it charges fifty to 100 per cent. per annum for wharfage facilities here for an ocean vessel. It charges the railroads for the piers they have to have to accommodate the business and it lets the canal boats in without any charge at all except a nominal one for dockage, the piers are free to them.

Q. When the dock board comes before this Commission they say we are hostile to them, and they try to prove that their charges are reasonable. Now, if it is within the power of your company to say just what it is you receive for your lighterage and in saying that to show us that it is just fairly a remunerative business, it is certainly to your interest; it is to the interest of the State, to have that fact established, and I should think your company would be desirous to establish it, and having established it, this Commission would be very glad as to that particular assertion to say that there was no ground for it. I want to tell you that neither the Commission nor myself have any disposition to take a hostile attitude towards your railroad, but we do want to know the facts. Certain allegations have been made and one of those allegations is that charges in the matter of lighterage are excessive. If it is impossible for us to ascertain whether or not the lighterage charge is excessive then we cannot settle that particular portion of the work we were appointed to look after. A. If you had no testimony before you showing that no man had ever paid any kind of a charge, excessive or not for lighterage at New York, within the lighterage limits of this harbor. Has there been any such testimony, and if nobody ever did pay anything, how can they complain of a charge as excessive?

Q. It seems to me if a man buys a shipment of goods from the west he pays the lighterage which is allowed in the rate? A. He does not pay it, because he would have to pay the same rate if

he sent his wagons to our stations for the freight and was at the expense of handling it. He would pay the same expense and what the wagons cost for handling besides. There is no charge for lighterage. The rate to New York is so much; if lighterage is required, it is performed without charge. That is something the railroads do for New York.

Q. They do not take it from the shipper to whom it is consigned, they do not exact a charge from him, because they have already received payment from the man who ships it from the west. You do not deny that the allowance for lighterage is already allowed in the rate? A. By whom?

Q. By the people who send it? A. No, indeed; if the connecting railroad is entitled to ten cents out of the rate and we are entitled to ten cents, and then on account of our heavy expense for furnishing this facility for the commerce of New York, we represent to our connecting road that we ought to have some consideration, that instead of prorating per mile, that we ought to get some allowance for our terminal expense in New York, and they say, yes, we will give you a bigger share of the rate, that is no concern of the shipper or consignee, it is no tax on the business, it is a matter of bookkeeping between us and our connections.

Q. If it is a rate that is high, that is excessive, that lighterage rate, and it could be reduced to the advantage of this port, is not that something we should ascertain? A. I declare I cannot see how you make any charge out of it.

Q. If you get three cents out of twenty cents for lighterage, and then the balance is prorated between you and another road, and by getting a cent and a half for the lighterage business, and that total amount could be reduced, would not that be a benefit to commerce? A. The rate would not be reduced.

Q. Why would it not be reduced if one of the expenses could be reduced? A. If I go to a butcher and buy a beefsteak, he will say: Will you take it with you or will I send it. If I take it I pay so much, and if I have it sent home I pay no more. He is at the expense of sending that boy to the house. If he can get

that boy for nothing, or if he pays the boy more than he is worth, that is no concern of mine.

By Mr. Fairchild:

Q. What would you think of the case of the butcher that made the man pay more for his beef when he took it home himself than when the butcher performed the services of sending it home?

A. That is bad policy.

Q. Is not that what the New York Central Railroad Company does at its elevator in Sixtieth street? A. I heard that somebody testified that they heard of such a case in 1884.

Q. Is not it a fact that the New York Central Railroad Company established a charge of a cent and a quarter for delivering grain to the vessel? A. Yes, sir; all ports do it.

Q. Where the New York Central sends that grain on its lighter it does not charge the cent and a quarter? A. It does not.

Q. Don't you think that is just as poor a policy as in the case of the butcher? A. It is. It ought to charge that cent and a quarter, but the New York Central Railroad Company does so much for the commerce of New York, and knowing that the owner of the grain would have to pay the floating elevator it abates the charge and it comes out of the New York Central's pocket.

Q. Where they perform the lighterage services they charge nothing and where they do not perform the lighterage service they charge a cent and a quarter additional? A. Where they perform the lighterage service the owner of the grain has to pay something extra to put it aboard the ship, and that would be a tax against the city of New York, but the New York Central steps in and shoulders the burden; it says: although we have to do this extra work, since the shipper has to pay the floating elevator for this, we will make no charge.

Q. Do you consider that the port of New York is just as well off under that situation as it was when the vessels were able to go right to the New York Central elevator and get the grain without the imposition of that cent and a quarter? A. Certainly they are, why not.

Q. Do you know that it has been testified to here by a shipper that there was a line, an ocean line, that did business from this port and received grain at the New York Central elevator up to the time when they were unable longer to receive grain without paying that cent and a quarter, and that that line for which he was the agent was driven to Boston and has continued to do business at Boston ever since as the result of the imposition of that change? In the light of such testimony which has been given, do you think it is to the benefit of New York city for the New York Central Railroad Company to impose that arbitrary charge of a cent and a quarter?

A. I think it is very simple and easy to show. If there was no charge of a cent and a quarter imposed at any of the Atlantic ports, New York would be at the disadvantage of the floating elevator charging a cent and an eighth to put the grain on the ship. As long as that cent and a quarter is imposed at all the ports New York is on exactly the same basis, because if we did not impose it here they would not impose it at Baltimore. It is to the advantage of New York that that elevator agreement to add the cent and a quarter to the rate should exist. It is clearly to the advantage of New York because it takes the place of that floating elevator charge, which otherwise would be imposed at New York and nowhere else.

Q. It is not a fact that a large proportion of the export business as to grain is done in what are known as cargo vessels?

A. A small proportion?

Q. A large proportion? A. A small proportion here.

Q. I am not speaking of this port, I am speaking of all the Atlantic ports? A. I presume at the smaller ports where they have no local business and no berth steamers it is almost entirely cargo.

Q. Taking the exports of grain from the Atlantic ports, is not a large proportion of the exportation of grain in cargo lot vessels?

A. I don't know how large a proportion, considerable of it, certainly.

Q. Is it not a fact that as to these cargo vessels, as a rule,

they go to the Delaware Breakwater and there receive their orders as to the port they shall go to get their grain? A. Yes, sir; they have an option of any of the five ports usually.

Q. Is it not a fact that if those cargo vessels were enabled to receive their grain directly at the New York Central elevator that they would be more apt to be sent here than they now are, under the present conditions? A. I don't know why they should.

Q. I mean without the charge of a cent and a quarter? A. I don't see why they should. If there was no charge here of a cent and a quarter there would not be any charge at Baltimore or Philadelphia of a cent and a quarter. I do not see why the throwing off of that charge would be any inducement.

Q. Do you wish to say here that the charge at other ports is an unnecessary charge? A. No, sir; it is a proper enough charge to put on at all the ports; it leaves them relatively alike.

Q. I mean unnecessary as to its being required to pay for the service. You say if it were not done here it would not be done there. You mean to say because it is done here it is done there? A. If it was thrown off here they would throw it off, they would do the work for nothing.

Q. Would Mr. Taylor in Philadelphia do his work for nothing? A. The work would be done without cost to the owner of the grain. Mr. Taylor and the railroad would have some understanding.

By Commissioner Smith:

Q. You would not say that if you threw that charge off here and the vessel went to your elevator, that it would result in throwing it off at all the ports, and thereby be no benefit to New York's commerce? A. It would not benefit New York.

Q. Take the commerce of the country? A. I don't know that it would.

Q. Do you mean to assert that the reduction of the cost is not going to benefit commerce, will not increase it? A. If a reduction benefits one person it hurts another, I suppose.

Q. Suppose we start from this point: where you deliver grain

to the vessel by lighter that lighterage service is a tax upon the New York Central Railroad Company, is it not? A. Yes, sir.

Q. In that case the New York Central Railroad Company pays that tax and charges nothing as to the cent and a quarter? A. Yes, sir.

Q. Where you deliver grain, if you do deliver it, at the New York Central elevator without that expense to the New York Central Railroad Company, you do charge a cent and a quarter? A. We would, that is the theory; there has not been one for twenty years there.

Q. Undoubtedly you have had that charge for twenty years. If the New York Central Railroad Company should decide that it would perform that service at the elevator, saving itself the expense of lighterage, at the same rate that it performs the service when it is subjected to the expense of lighterage, the New York Central Railroad Company would save that lighterage for every vessel that would come to its elevator and receive the grain? A. Yes, sir.

Q. So that it would be a saving to the New York Central Railroad Company. Now, you say that the effect of that would be immediately, that at all the other Atlantic ports that cent and a quarter would be taken off to compete with the New York Central Railroad Company. Is not that true? A. Yes, sir.

Q. If the cent and a quarter was taken off from the grain at all the ports, would not that be a benefit to the consumer and to commerce? A. It would not be a benefit to the railroads, they would have to do the work.

Q. It would be a benefit to the New York Central Railroad Company in saving that lighterage. A. Possibly.

Q. Therefore, the New York Central Railroad Company is in this position that by a policy that would save itself to a large extent, the lighterage expense, it would benefit the commerce of the United States at all the Atlantic ports to the extent of the cent and a quarter and benefit its own treasury as well? A. The New York Central Railroad Company has not considered in any degree its own expenses in placing New York upon a basis to get

business. It has not hesitated to spend money freely for that purpose. It has but one terminus in the East and that is New York. The interest of some of its competitors is divided among several terminals. The New York Central tracks reach but one and that is New York. Its interest is bound up in New York. It has done everything that it could to bring business here, and it has not spared expense to do it. It has not considered whether it could save some expense by this or the other as long as by the continuing of that expense or the asking of that expense it helped to bring traffic to New York, our great terminus, our headquarters, the place where we all live, and where we want to do business.

Q. Now, I want to ask my question and get an answer direct to the question: According to your reasoning if the New York Central Railroad Company should abate that cent and a quarter elevator charge in New York that cent and a quarter would immediately be abated at all the other ports. Now, I ask you if that action of abating a cent and a quarter at all the other ports, following the lead of the New York Central Railroad Company, would not be to that extent a benefit to the commerce of the United States and a saving to the treasury of the New York Central Railroad Company? A. Assuming that the rates would remain on the low fighting basis they have been. The rates do not always stay the same. There is no knowing that if the elevator expense was saved that the rate would remain as low as it was but the bulk of the business at New York, I should say two-thirds or three-fourths of it, is done with steamers, which we call berth steamers, that do not take cargo lots. All the lighterage would have to be performed with regard to their business, I should say that three-fourths of the grain that we carry goes out of here on berth steamers and would have to be lightered anyway. The throwing off of the elevator charge in that respect would not affect the bulk of the business at all. I do not think that it would have any effect upon the situation except in this way: If it was thrown off at the other ports they would have absolutely no port expenses, whereas at New York the berth steamers would still

have to pay the floating elevator charges and to that extent it would operate against the city of New York.

Q. But with it off at this port would not the city of New York be in a better position to get the cargo business that it does not now get? A. I do not see that it would be in a better position as respects the other outlets than it now is with regard to cargo lots. It would be in a worse condition with regard to berth lots, which constitutes the great bulk of its business.

Q. Apart from what the effect will be at the other ports, you will say, as a general proposition, that a reduction of a cent and a quarter here would be a benefit to this port, would you not?

A. Apart from that, if it could be considered apart from that, the question answers itself in the affirmative. How can you take it apart from the other, when by taking it off it leaves New York with another charge and the other cities without that charge?

Q. It would not leave it with a charge in that particular business if you gave the facilities at you elevators? A. Yes, sir; because the White Star line and the Cunard line will not go to our elevators; we have got to lighter to them and that is the bulk of our business, that is a great deal more than cargo lots.

Q. You assert that they will not go to your elevator, but you are unable to say positively that they will not? A. The steamers that take regular cargoes and have regular docks never go to anybody's elevator.

Q. It was the general custom before you stopped it? A. They would not go there for the small quantity of grain they wanted, it would not pay them.

By Mr. Fairchild:

Q. Don't any vessels go to the Erie elevator now? A. I don't know.

Q. Is it not your understanding that there are vessels that go to the Erie elevator? A. I have heard of two or three vessels in the last year or two that went to the Erie elevator, but it was not to get any grain that came over the Erie road.

By Commissioner Smith:

Q. What you would like us to understand is that you are unable to say, - and your company is unable to say, whether or not your lighterage business is done at a profit or at a loss? A. We do not know what it costs. We keep no account of it. We know that it is a considerable expense but we regard it as necessary. Allow me for a moment; suppose we should voluntarily or we should be compelled to stop this lighterage business in New York. Just look at that situation. The railroad brings the freight to their terminus and the owner comes for it and takes it away at his expense. Will New York be in a better or a worse position? Pardon me, I have no right to ask you questions. I simply want to bring that before you, whether the commerce of New York would be benefited or injured by stopping the free lighterage of freight here. To my mind it is so obviously a great advantage to this port that I cannot see why it is criticised.

Q. If you were able to show us that it was done at a loss, which you infer from the statement you have just made, that it was done at a loss to your company, I would answer your question affirmatively, but all I ask is evidence to that effect. I do not hope that it is so. I hope you are making a reasonable amount of money on the business. A. It must be done at a loss to our company when the great bulk of our business we get no allowance on.

Q. Is the great bulk lightered? A. The great bulk of that which we do lighter originates on our track, at Syracuse, Rochester or Buffalo, or somewhere where the freight does not pass over some other road. We have to do it all and get no contribution from anybody for it.

Q. With regard to business that originates within this State, you do not deny that your company is in a very advantageous position as to making rates? A. We do this lighterage on that business.

Q. Not being subject to the long and short haul clause of the Interstate Commerce Law, and being able to, as I understand it, make a higher rate than if you were subject to this clause? A. I

am glad you mentioned that, because you are under a misapprehension. We are governed by the long and short haul clause. We govern ourselves by the long and short haul clause as much on business in this State as on interstate business.

Q. My understanding is that there has been a bill before the Legislature year after year to compel the railroads of this State to charge no higher rate for a short distance than they do for a long distance, and that bill has been systematically defeated in the Legislature. It must be to somebody's interest. A. The bill I have heard of is a bill which says that we shall not charge any more for transportation in New York State than the smallest amount we receive on other business. That comes up pretty regularly.

Q. I would like to have you state for the benefit of the record what the rail and lake rates are on all classes of freight between New York and Chicago at present? A. Well, sir, I am sure I could not do it from memory. My recollection is that it is fifty-four cents on first class and twenty cents on the sixth class. What the intermediate rates are I don't know.

Q. What is the canal and lake rate? A. I don't know anything about that.

Q. You stated the other day that the canal and lake rate was thirty-five cents? A. No, sir, never knew. I know nothing about the canal and lake rates; it must have been some other witness.

Q. Does the New York Central Railroad Company own the lines, the Lake Shore and the Michigan Central, through to Chicago? A. I understand we control by ownership those two roads through to Chicago.

Q. Suppose these large berth vessels would not go to the elevators as you say they would not, and you did provide facilities for so-called cargo boats coming to your elevators, would not that competition of so-called cargo boats with berth boats result in a reduction of the ocean rates by berth vessels, don't you think that would be the case? A. Well, I don't know the conditions that govern ocean rates, but they are not unaccountable. Sometimes if a vessel has business enough to fill it, it would charge a higher

rate, keep its rate up. If it happens to need cargo it will put the rate down. The rates vary from day to day and almost from hour to hour.

Q. If a representative steamship agent were to appear before this Commission and say that the attraction of cargo boats to this port by the loading of these cargo boats at the stationary elevators would have the effect of abating the berth rates, would you agree to that as a reasonable conclusion? A. I would suppose he knew more about it than I did.

By Mr. Fairchild:

Q. Now, as to the through rate from Chicago to New York without respect to lighterage, the rate is apportioned between the western connections and the New York Central Railroad Company, is it not? A. Yes, sir.

Q. Don't you consider that the amount the New York Central Railroad Company receives as a part of that through rate is paid by the shipper? A. Well, the shipper pays the through rate; I don't think the shipper is concerned as to how it is divided.

Q. That is not my question. As to the part that is received in the apportionment by the New York Central Railroad Company out of the through rate, the shipper pays it? A. I say no. The shipper does not pay that proportion, he pays the through rate.

Q. He pays the through rate and the greater includes the lesser, so therefore he pays just as much the portion the New York Central receives as the portion the western connection receives? A. I don't think he pays anything but the through rate, and I don't think he has any concern in the division. I know perfectly well if that shipper makes a contract at twenty cents a hundred pounds from Chicago to New York, that is what he pays. That is what concerns him, and whether we get nineteen cents or nine cents it makes no difference to him.

Q. And of the ten cents that is received by the New York Central in the apportionment, that shipper pays that ten cents just as much as he pays the ten cents the other man receives. A. It is purely a matter of bookkeeping; it is all New York Central Railroad Company, all the way from Chicago to New York.

Q. Nevertheless the shipper pays the whole thing, including that ten cents, does he not? A. The shipper pays the through rate, as he does not pay any fractional rate.

Q. You are unwilling to put yourself on record as assenting to the proposition that he pays the whole thing including the ten cents? A. I do not answer it in that way. The shipper pays the rate he contracts to pay and he does not concern himself with any fractional part of it.

Q. As I understood your statement the other day, the New York Central Railroad Company considers that the differential under present conditions, in favor of Baltimore, Philadelphia and Newport News is unjust? A. We have so considered and so dealt with it for years past.

Q. At Baltimore, there is no free lighterage, is there? A. I think very little.

Q. Practically none? A. As I understand the situation at Baltimore, if the Baltimore & Ohio Railroad takes freight to a vessel that is loading at its own pier, which is generally the case, there is no lighterage, but if they take freight to a vessel that is loaded at some other pier they have to lighter and do lighter.

Q. The Baltimore & Ohio Railroad lighters that? A. Yes, sir.

Q. But as to the great volume of freight, there is no such thing as free lighterage, as is known at this port? A. I think so; that is my belief.

Q. You think there is no such thing? A. That is my belief; I don't know positively what the conditions are at Baltimore. I am not well enough acquainted to swear to it; that is my understanding.

Q. The through rate to Baltimore without any free lighterage is three cents less than to New York? A. You say "without free lighterage," the rate to Baltimore is three cents less than to New York, except on export grain.

Q. And is without free lighterage? A. Lighterage performed when required.

Q. And the rate to New York including free lighterage is three cents more than to Baltimore? A. Yes, sir; that is including lighterage when required.

Q. And that through rate which is three cents more than to Baltimore includes free lighterage by the New York Central Railroad Company, and when so included, the New York Central gets the three cents; is that not true? A. Out of that rate from Chicago to New York the New York Central Railroad Company receives three cents, but it really receives the whole thing. Because it is quite its own road all the way through.

Q. In dividing up in the books, it allows the three cents? A. Yes, sir.

Q. In case that three cents lighterage should be deducted, then the rate from Chicago to New York would be the same as from Chicago to Baltimore? A. If it was three cents less it would, of course.

Q. Is there an agent of the traffic department of the New York Central Railroad Company, down town here, of which you are the superior officer, your assistant or agent, who receives freight? A. Yes, sir; we have a general eastern agent in Broadway, who looks after west bound freight.

Q. What is his name? A. L. M. Allen.

Q. I mean as to east bound? A. Nothing for east bound.

Q. Suppose a shipper desires to secure special rates by the New York Central Railroad Company, to whom would he apply for the east bound rate? A. He would have to get it from the initial point in the west.

Q. In no case would a shipper here in New York, wishing to receive grain from the west, wishing to ascertain whether it would be cheaper to ship by way of Boston or by way of New York apply to an agent of the New York Central Railroad Company here in New York to ascertain what rate he might secure? A. He might apply to anybody in his wish to get the information; if he did apply to a representative of the New York Central Railroad Company here, he would not give him the rate. He would take it upon himself to communicate with the west and ascertain what he wanted. The east bound traffic is in charge of the western man. They are on the ground where the traffic originates; they make their agreements and arrangements with each other,

and make the tariffs, and we may know or may not know what the rates are to-day or whether they will change to-morrow. Therefore, we do not quote on east bound freight here, except upon the authority of the western connection.

Q. Have you no representative downtown at all for east bound business? A. None but Mr. Pollock. He looks after lighters and foreign freight; that is the only man about east bound business, the only representative we have about east bound freight. The Broadway office is for west bound, the Canal street office.

Q. It was testified here yesterday by a member of the firm of McIntyre & Wardwell that he applied either to Mr. Guilford or to Mr. Guilford's agent downtown to secure rates sufficiently low to offset the special inducements that had been offered by other roads to take grain to other ports. Are you not able to enlighten the Commission as to the agent downtown he referred to? A. I should say that he referred to Mr. Pollock's office as that is most convenient to the Exchange here. Mr. Pollock is a member. I would like to say in explanation of that, I have no recollection of the circumstances, but I can conceive that it is quite possible that McIntyre & Wardwell or any other firm might have asked us for a lower rate than we were willing to make to New York. It generally happens with people we deal with who want lower rates than we are willing to give them. We may have declined to make the rate that he wanted us to make to New York. But I have found in my experience very often, that with a higher rate to Boston than the rate to New York, the conditions of the steamers loading at Boston are such, lading being scarce for them, that they carry grain for almost nothing, whereas the New York boats, being fairly full, were holding up their rates, and then a grain shipper like McIntyre & Wardwell could afford to send their business to Boston and pay the higher rate there on account of the advantage in ocean rates, but these things happen from time to time. If a vessel should come into the port of Charleston or Savannah or in any one of these ports down there, and there should be several vessels in there wanting loads, they would bring down the rate of cotton ninety per cent. in an hour by their efforts.

The conditions of the steamship are so different from the railroad, their rates conflict very greatly and one port will be low to-day and high next week, and sometimes it makes a change the same day several times. I can easily understand that they might have found it to their advantage to ship via Boston on some occasion of that kind.

Q. Mr. Taylor's testimony was that, having been offered special inducements by other roads and that being the reason inducing him to ship by way of the other ports, he called the attention of that fact to the New York Central Railroad Company, and upon that ground asked for a lower rate. Do I understand you to state that even in that kind of a case the New York Central Railroad Company, after the roads to other ports had offered such special inducements, would decline to meet that rate? A. We have, I regret to say, found it necessary to decline to meet the wishes of shippers or accept their representations in regard to rates.

Q. Mr. Taylor also testifies that as to Boston, it was the West Shore Railroad that offered him on an occasion special inducements to ship his grain to Boston. Would you consider that that instance would sustain your statement that the New York Central Railroad Company, which owns the West Shore Railroad, is using all its efforts to benefit New York? A. The New York Central Railroad Company has not directly operated the West Shore Railroad; they have a different set of officials.

Q. Are you not the general traffic manager of each road? A. No, sir; I have nothing to do with the West Shore—Mr. Todd. I have nothing whatever to do with the West Shore traffic.

By Commissioner Smith:

Q. Of course, it is a fact that the access of the New York Central Railroad Company to Manhattan Island without the need of lightering, is a great advantage over other roads terminating at Jersey City, you agree to that? A. Yes, sir; I think it gives us an advantage.

Q. A considerable advantage? A. In reaching the points that are located on Manhattan Island, I think the New York Central

Railroad Company has an advantage over any of the roads terminating on the other side of the river.

Q. Can you approximately say what proportion of your freight, coming on your road goes to St. Johns Park? A. No; I could not.

Q. Just approximately; I don't mean accurately. A. Well, it would be but a small proportion of the aggregate.

Q. Very small? A. In tons, yes sir; because it is a high class of traffic that is handled there and the coarse freights are lightered or delivered in car lots. Take lumber, for instance. That sort of thing is lightered from our tracks at our yards and the warehouse freight is but a small proportion of the freight that we carry in tons.

Q. It is the best class? A. It is the best paying class, highest rates.

EDWIN T. EVANS (recalled).

E. T. EVANS, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Mr. Evans, you were before the Commerce Commission in Buffalo, were you not? A. Yes, sir.

Q. You are a resident of Buffalo? A. Yes, sir.

Q. And what is your business? A. I am vice-president of the Connecting Terminal Railroad Company.

Q. What is your full name? A. Edwin T. Evans.

Q. And the Connecting Terminal Railroad Company owns and operates grain elevators in Buffalo? A. One grain elevator.

Q. You were to produce a statement showing the expenses of that elevator for certain periods? A. Yes, sir.

Q. Have you that statement with you? A. Yes, sir.

Q. Will you first give the cost of the plant of the grain elevator? A. In items or total?

Q. Both. A. The construction cost was \$340,388.32, the land cost \$354,396.99, total original cost, no deduction for depreciation, \$694,785.31.

Q. What is the capacity of the elevator? A. About 900,000 bushels.

Q. Will you give now the expenses by items of the grain elevator for operating it for the year ending February 28, 1899? A. Wages, except engine, \$8,005.21. Engine expenses: Wages, \$1,945.50; fuel, \$2,333.38; oil, \$263.95; repairs, \$405.48; waste, \$20.88; stationery and printing, \$154.50; incidentals, \$1,850.41; salaries of officers, \$2,200; total operating expenses, \$17,179.31. The season expenses: Insurance, \$3,954.48; taxes, \$10,179.45; repairs, \$3,514.53; making total season expenses, \$17,648.46; making total operating and season expenses, \$34,827.77. Fixed charges: Interest on bonded debt, \$25,000; services of Erie & Western Transportation Company, which includes the whole basis for operating the business of the elevator and the connection of the Erie & Western Transportation Company, \$15,000; annual depreciation, \$15,000. That is a charge we make annually on our books. Total, \$55,000, making, according to our books, the total elevator operating and season expenses and fixed charges for the year ending February 28, 1899, of \$89,827.77.

Q. What percentage do you take as a basis for estimating annual depreciation? A. It is a little over five per cent. or about five per cent. The five per cent. would be \$17,000 and we have made just a fixed estimated depreciation charge of \$15,000 a year.

Q. What is the item "Salaries of officers"? A. That \$2,200 means the foreman of the elevator, the man who has the physical charge of the property.

Q. It does not refer to officers who are also officers of the Connecting Terminal Railroad Company? A. No, sir; that comes under the head of fixed charges, \$15,000.

Q. That item for "Services of the Erie & Western Transportation" represents the portion of the expenses of that company that you apportioned to the elevator? A. Yes, sir.

Q. Will you give the expenses, by items, in the same way, for the year ending February 28, 1898? A. Wages, except engine, \$10,536.13; engine expenses: wages \$2,068.17, fuel \$3,449.33,

oil \$407.01, repairs \$645.67, waste \$38.87, stationery and printing, \$201.61; incidentals, \$2,737.81; salaries of officers, \$2,400; total operating expenses, \$22,484.60. Season expenses: Insurance, \$4,373.37; taxes, \$8,920.88; repairs, \$13,454.84; total season expenses, \$26,749.09; making total operating and season expenses \$49,233.69. Fixed charges: Interest on bonded debt, \$25,000; services of Erie & Western Transportation Company, \$15,000; annual depreciation, \$15,000; making the total fixed charges \$55,000. The total of all charges, \$104,233.69.

Q. Now the elevator is not a separate corporation from the Connecting Terminal Railroad Company, is it? A. No, sir.

Q. The Connecting Terminal Railroad Company operates its connecting railway and also operates the elevator? A. Yes, sir.

Q. And that is a separate corporation incorporated under the Laws of the State of New York, separate from the Erie & Western Transportation Company? A. Yes, sir.

Q. But it is owned and controlled by the Erie & Western Transportation Company? A. Yes, sir.

Q. Do I understand you from this statement that there is an arrangement between this subsidiary company, the Connecting Terminal Railroad Company, and the parent company, the Erie & Western Transportation Company, whereby the subsidiary company pays to the parent company \$15,000 each year as a fixed charge for the services performed by that parent company? A. Yes, sir.

Q. Is that item paid by the terminal company, or is it paid by the elevator as something separate and distinct from the terminal company? A. Paid by the terminal company.

Q. And that item, therefore, includes everythings there at Buffalo, including the operating of the terminal railway as well as the operating of the elevator? A. Yes, sir.

Q. Then that item should not be wholly charged to the elevator? A. Substantially so, because the expense attached to the terminal company is substantially all elevator expense; in other words, the business that the terminal company does there is substantially all elevator business.

Q. They ship cars, don't they? A. Yes, sir; but substantially for business that passes through the elevator; there is no general business.

Q. They receive a fixed amount for shifting cars? A. It all comes in the elevator charge.

Q. Do I understand you that these items that you have given include every item of expense, the railway portion as well as the elevator portion? A. There are no expenses of railway operation.

Q. You have locomotives? A. No; the connecting roads furnish the motive power and furnish the cars.

Q. This is the whole expense of the Connecting Terminal Company, which includes whatever service is performed on the railway as well as the operation expenses of the elevator? A. Yes.

Q. And that company is owned by the Erie and Western Transportation Company? A. Yes, sir, substantially. The stock of the company is owned by the Erie and Western Transportation Company.

Q. Now will you give the same items of expenses for the period from April 1 to August 1, 1899? A. Elevator wages, except engine, \$3,452.08; engine expenses: wages \$742.72, fuel \$892.92, oil \$98.19, repairs \$3.85, waste \$5.20; stationery and printing, \$142.95; incidentals, \$712.90; total four months' operating expenses, \$6,050.81. Proportion of season expenses: Insurance (annual), \$3,937.50; taxes (annual), \$10,130.29; repairs, average 10 years, (annual), \$8,338.55; total season expenses, \$22,406.34, from which we have taken the proportion for four months, from April 1st to August 1st, four-twelfths, making the amount \$7,468.78. That makes the total for operating and season expenses for the four months \$13,519.59. The fixed charges (annual) are the same as before, \$55,000. Four-twelfths of that is \$18,333.33, making the total elevator operating and season expenses and fixed charges for the four months \$31,852.92. You wanted in addition the incidental receipts of the elevator at Buffalo from April 1 to August 1, 1899, other than receipts from the Western Elevating Company. Those amount to \$235.50.

Q. The receipts of the elevator from the Western Elevating Company we already have on record. A. I believe so.

Q. What is this Erie and Western Transportation Company?

A. That is a corporation organized under the Laws of the State of Pennsylvania to do a general transportation business; owns boats on the lakes.

Q. It is a lake line? A. Yes, sir.

Q. Is that lake line a connection exclusively of any railroad?

A. Not exclusively.

Q. With what railroads does that lake line connect? A. Directly with the Pennsylvania road and the West Shore road.

Q. The Pennsylvania at what point? A. At Erie, Pa.

Q. And the West Shore at Buffalo? A. Yes, sir.

Q. And no others? A. A lot of the roads from Cleveland, the Pennsylvania, the Erie, the Baltimore and Ohio, all the roads that come into Cleveland and all the western roads.

Q. Do they do any business with any road other than the West Shore and the Pennsylvania road to points that would be in competition with the Pennsylvania road or the West Shore? A. Substantially no, but really, yes. We do some business with the Western New York and Pennsylvania and with the Rochester and Pittsburg to some of the points that would be competitive with the Pennsylvania and West Shore.

Q. Has the West Shore any elevator of its own at Buffalo?

A. No, sir.

Q. So that, as to the West Shore, Buffalo and lake business, this terminal company and its elevator, owned by the Erie and Western Transportation Company and the lake line, is the agent of the West Shore road in transacting its elevator business in Buffalo and in making a connection on the lakes for the West Shore? A. Not exclusively, but practically so. The West Shore receives lake freight from and delivers it to quite a number of the other lake lines. The Erie and Western Transportation Company does substantially, I think, all of the West Shore business to and from Chicago and Milwaukee of the package freight.

Q. To and from Buffalo and Chicago and to and from Buffalo

and Milwaukee? A. Yes, sir. The Erie and Western Company handles very little of the grain, the West Shore transports and we handle a smaller proportion of the grain that passes through the Connecting Terminal elevator for the West Shore. The general lake marine is used largely for the grain business.

Q. Has your lake line any canal connection for western freight?
A. Yes, sir.

Q. What is the name of that canal line? A. Western States Line.

Q. That has a freight station at one of the piers at South street, New York city? A. Yes, sir.

Q. Who is the agent of that line? A. C. S. Leonard, in New York.

Q. How long have you been connected with that company?
A. Over twenty years.

Q. How long have you been connected with the railroad business? A. Not directly in the railroad business at all, excepting in this connecting terminal company.

Q. Connected with business that would give you experience as to the question of railroad transportation, how long have you been connected with such a business? A. Thirty-five years.

Q. Is it a fact that at the present time the export business from the Atlantic ports is done largely upon through bills of lading, including the ocean rate, from the west? A. I should say not. If you mean the aggregate of the entire tonnage exported, I should say that the majority of it was not done under through rates and through bills of lading.

Q. Does the question of the class of freight determine whether it is customary to export on through bills of lading, or not export on through bills of lading, and if so what classes of freight are not apt to be exported under through bill of lading? Of course I am referring to freight from western points. A. I should say there was very little grain from western points that was exported under through bills of lading. Probably more than fifty per cent. of the flour would move under through bill of lading.

Q. Now, excluding grain and excluding flour, what would be the

custom? A. I cannot answer that. I am not posted as to the southern trade, cotton for instance. I do not know anything about that.

By Commissioner Smith:

Q. How about provisions? A. I do not know. We never transported provisions.

By Mr. Fairchild:

Q. Where freight from western points is exported under through bills of lading, at what point is the through rate arranged? A. At the originating point in the west, as a rule.

Q. Don't the trunk line roads have what is known as a foreign freight agent at this port? A. Yes, sir.

Q. What is the business of the foreign freight agent? A. To secure rates here and transmit them to the agents at the originating point of the east-bound business.

Q. They are supposed to secure the ocean rate and to take advantage, by being on the ground here, of any situation existing at the moment of getting the lowest rate, transmit that amount to the western agent and thereby the through rate is made in the west? A. Yes, sir.

Q. Is it your judgment that, with the existence of the differential in favor of Philadelphia, Baltimore and Newport News and Norfolk, against New York, that the maintenance of rates operates against New York and that during periods when rates are not maintained, the differential operates to a less extent against New York? A. My judgment is not.

Q. Which? Will you explain your answer? A. In either case, I mean. I do not think that the differential, as that term is generally understood, operates against the export business from the city of New York. If the rates are not maintained it is merely a question of who makes the lowest rate.

By Commissioner Smith:

Q. Do you think you are sufficiently experienced to give accurate judgment in that matter? A. Well, I have been in connec-

tion with the business so long that I cannot help but absorb quite a lot, and that is my judgment.

Q. The reason I ask is that Mr. Guilford testified here the other day that when the rates were maintained the differential operated considerably against New York, which was the basis of the New York Central Railroad Company's opposition to the maintenance of the differential, and I was anxious to know if your information was fairly as accurate as his, as to your judgment in the matter.

A. My judgment is based on this. Unless the through rates between two points are equal, the lowest rate port must necessarily secure the business, so that the basis of these differentials being to make the through rate equal, if they are maintained, then the business would distribute itself naturally, as it was distributed under the same rate basis through all the ports. But if any port has a lower rate, that port is going to take all the business.

Q. Of course you know this, that that differential was settled upon about twenty years ago through the decision of the advisory committee, Mr. Washburn, Mr. Thurman and Mr. Cooley, I believe.

A. Yes, sir.

Q. There had been a gradual reduction up to that time, if I recall their opinion, in ocean rates. That is to say, they were getting nearer and nearer to a uniform rate at the different ports and the suggestion was made that while their decision was favorable to the maintenance of the differential at that time, they foresaw in the future a time when the maintenance of that differential would work a hardship upon New York. Now, then, considering the development of ocean tonnage, and with your experience in the business, do you not think that the time has arrived when there can be an abatement of that differential, giving greater justice to New York? A. I am not able to answer your question in a direct way. If New York is suffering, if New York is at a disadvantage because of a lower through rate being made through either the northern or southern ports, then that differential ought to be so adjusted as to make the through rate the same.

Q. What would satisfy you that there was an injury to New York through the operation of it? A. Such a movement of the

export business through the other ports and practically none through the city of New York.

Q. Any considerable reduction of the business heretofore coming to New York, and then going to the other ports, would seem to you a *prima facie* establishment of that fact? A. Not necessarily. Of course, New York cannot have it all. New York must lose if the total volume does not increase as new ports are created, for instance. Any port having the facilities for doing an export business is going to have some business. It must be necessarily taken out of the total. New York must lose something of it so that it would not necessarily show that the differential interfered with New York's proper proportion of the business if she lost some business, as compared to some previous year.

Q. You can conceive of a condition, of course, where the obstructions to commerce through this port, in the way of excessive charges for docks, or anything else, would operate toward the creation of rival ports? A. No; I do not think the local condition here would inspire the creation of a rival port.

Q. If things were higher, if rates were considerably higher than they are now, it might justify, it might satisfy some people that a profit could be made by establishing a new port? A. I do not think so, even if rates were a good deal higher.

Q. Take it the other way. If rates were considerably lower it might prevent people from considering the advisability of establishing a new port, making railroad connections with a fairly good port? A. I think those questions never influence the establishment of a new port, or the projectors of a rail line to a new port never consider the charges in another port. The establishment of the port, the establishment of the rail line, a new one, are always governed by other conditions entirely.

Q. Suppose the charges here were very largely reduced, the lighterage charge considerably reduced, the differential practically wiped out, don't you think it would be disadvantageous to competing ports? A. It might be disadvantageous in that the through rates would be lower and the distribution of those rates would leave less money to the lines going to the other ports, but

I do not think it would make any difference in the volume of commerce going through the different ports.

Q. You think the adjustments of tonnage would be just about the same? A. Yes, sir; whether the rates are high or low.

Q. Don't you think it would help the manufacturing business of this port if the charges that are levied upon commerce in this port were considerably abated? A. I should think not. I do not see where the relation comes in.

Q. For domestic business, I mean? A. I should not think it would at all.

Q. No matter how much of a reduction there might be in the railroad or other transportation charges to this port, it would not have any effect upon the manufacturing business? A. I do not think it would.

Q. You are familiar with the principle of the differential? A. Generally.

Q. As established by what is known as the report of the Advisory Commission? A. Yes, sir.

Q. The principle upon which they reached their conclusion was, as I understand it, that the through rate should be the same. Is that not so? A. I understand so. It certainly is correct.

Q. And if to make the through rate the same, there are conditions, as to lower ocean rates, or as to harbor facilities at this port, that would, without such discrimination, create a lower through rate from this port, under natural conditions, then the differential should be imposed in favor of the other ports less advantaged. Is that it? A. Yes, sir.

Q. You heard Mr. Guilford of the New York Central Railroad Company say that he considered that differential unjust? A. To-day?

Q. Yes, sir. A. I was not listening. I did not hear him.

Q. He did so state and you state that you consider it is not unjust, as I understand it. A. I say so because my observation is that the relative movement of the export business—mind you, I have no statistics to back myself up—it is merely a general observation that the export business through all these ports is

relatively in a general way satisfactory to the transportation interests.

Q. And therefore you think it is not unjust for the railroads to enter into such a compact, which we understand the New York Central Railroad Company is a party to? A. That is it.

Q. Suppose New York State should take advantage of its fine harbor at this port in every possible way, should reduce to a minimum point all port charges, including the charges for docks imposed upon the ships occupying those docks, and in addition should spend a vast amount of money in creating still more favorable conditions, so that, as a result of such action on the part of the State of New York, and such large expenditures of money, the natural conditions in favor of New York, on that through rate, should, instead of being two cents in favor of Philadelphia as against New York and three cents in favor of Baltimore as against New York, it should be four cents between New York and Philadelphia and six cents between New York and Baltimore, then upon that same principle, in your opinion, it would become the just thing for the railroad coming to this port to immediately increase that differential in order to offset those favorable conditions? A. By causing the other ports to reduce.

Q. But whether increase or decrease, that the differential should be made four cents against New York instead of two in favor of Philadelphia and six cents instead of four in favor of Baltimore? A. I think that should be the proper basis.

Q. So, upon that theory, there is nothing New York can do as long as the railroads enter into such compacts, no expenditures she can make, that can give her the advantage of such liberal policy upon her part, or such expenditures, for she is in such a position that the railroads, through their compacts can thwart any effort New York can make, no matter how expensive to the State of New York? A. I do not think it is a question of railroad compacts at all. I should think it would be a question of the ability of the other ports to meet any charge that was current through the port of New York.

Q. You stated that if they were unable to meet those favorable conditions at this port by producing like favorable conditions at those ports, then it is just for the railroads to enter into an agree-

ment to make up that difference by a discrimination against this port? A. I do not think it would be necessary for the railroads to join in it at all. I think the natural laws of demand and supply would come in and thwart any endeavor on the part of the State of New York to make a lower rate through New York than could be made anywhere else. I think the demand and supply conditions would make it necessary for all the other ports to meet a minimum rate that might be established through this port.

Q. The differential is a matter of agreement between the railroads? A. It is a matter of agreement, as I understand. Now without that agreement the laws of demand and supply would correct any injustice or any lower rates that were made through any port just as New York would meet any rate that was made through Boston or Newport News.

Q. Now, assuming so far as the combination of all the railroads is concerned, that your position is correct, that it is just to arrange just such a discrimination against New York, even then do you think it would be just for a railroad that had received all of its franchises, all of its privileges from the State of New York, to itself become a party to such an agreement and thus offset anything New York might do for its own port and its own State? A. I think so, for its own protection.

THE CONNECTING TERMINAL RAILROAD COMPANY.

Total cost of Buffalo grain elevator property to October 18, 1899.

Construction, cost	\$340,388 32
Land, cost	354,396 99
	<hr/>
Total original cost (no deduction for depreciation)	\$694,785 31
	<hr/> <hr/>

THE CONNECTING TERMINAL RAILROAD COMPANY.

Grain Elevator Expenses for Year Ending February 28, 1898.

Wages, elevator (except engine)	\$10,536 13
Wages	2,068 17
Fuel	3,449 33

Engine expenses:

Oil	\$407 01
Repairs	645 67
Waste	38 87
Stationery and printing	201 61
Incidentals	2,737 81
Salaries of officers	2,400 00

Total operating expenses..... \$22,484 60

Add season expenses, viz.:

Insurance	\$4,373 37
Taxes	8,920 88
Repairs	13,454 84

Total season expenses..... \$26,749 09

Total \$49,233 69

Fixed charges, as below:

Interest on bonded debts	\$25,000 00
Services of E. & W. T. Co.....	15,000 00
Annual depreciation	15,000 00

Total \$55,000 00

Total elevator operating and season expenses and
fixed charges for year ending February 28, 1898.. \$104,233 69

THE CONNECTING TERMINAL RAILROAD COMPANY.

Grain Elevator Expenses for Year Ending February 28, 1899.

Wages, elevator (except engine)	\$8,005 21
Wages	1,945 50
Fuel	2,333 38

Engine expenses:

Oil	263 95
Repairs	405 48
Waste	20 88

Stationery and printing	\$154 50
Incidentals	1,850 41
Salaries of officers	2,200 00

Total operating expenses	\$17,179 31
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Add season expenses, viz.:

Insurance	\$3,954 48
Taxes	10,179 45
Repairs	3,514 53

Total season expenses.....	\$17,648 46
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Total	\$34,827 77
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Fixed charges, as below:

Interest on bonded debts	\$25,000 00
Services of E. & W. T. Co.....	15,000 00
Annual depreciation	15,000 00

Total	\$55,000 00
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Total elevator operating and season expenses and fixed charges for year ending February 28, 1899..	\$89,827 77
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THE CONNECTING TERMINAL RAILROAD COMPANY.

Wages, elevator (except engine).....	\$3,452 08
Wages	742 72
Fuel	892 92

Engine expenses:

Oil	98 19
Repairs	3 85
Waste	5 20
Stationery and printing.....	142 95
Incidentals	712 90

Total four months operating expenses.....	\$6,050 81
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Add proportion of season expenses, viz.:

Insurance (annual)	\$3,937 50
Taxes (annual)	10,130 29
Repairs, average ten years (annual).....	8,338 55

Total season expenses..... \$22,406 34

Proportion due from April 1 to August 1, 1899, four-twelfths of \$22,406.34..... \$7,468 78

Total \$13,519 59

Fixed charges as below:

Interest on bonded debt.....	\$25,000 00
Services of E. & W. T. Co.....	15,000 00
Annual depreciation	15,000 00

Total \$55,000 00

Proportion due from April 1 to August 1, 1899, four-twelfths of \$55,000..... 18,333 33

Total elevator operating and season expenses and fixed charges due to April, May, June and July, 1899 \$31,852 92

Incidental receipts of C. T. R. R. elevator at Buffalo from April 1 to August 1, 1899 (other than receipts from Western Elevating Company)..... \$235 50

FRANK J. FIRTH.

FRANK J. FIRTH was duly sworn by the chairman.

Mr. Fairchild —As Mr. Firth has just arrived from Philadelphia, at the opening of this hearing, and has suggested to me that he would be willing to come over at some future time, I would suggest that his examination be postponed for the present and that the Commission now adjourn until Monday at eleven o'clock.

Mr. Firth—I shall be pleased to come over if I can at my convenience. I came over especially this afternoon for this hearing and I do not want to promise definitely to do that again.

Commission here adjourned until Monday, October 23d, at 11 o'clock in the forenoon.

NEW YORK, *October 23, 1899.*

A hearing of the New York Commerce Commission was this day held in the rooms of the arbitration committee of the Produce Exchange, New York city.

Present: Hon. Charles A. Schieren, Hon. Andrew H. Green, Hon. Alexander R. Smith, Hon. Hugh Kelly; also Hon. Ben L. Fairchild, counsel.

The chairman called the Commission to order at 11.05 a. m.

RICHARD D. RICKARD.

Mr. R. D. RICKARD, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. Richard D. Rickard.

Q. And your residence? A. Summit, New Jersey.

Q. What is your business? A. Secretary and treasurer of the New York, Ontario & Western Railway.

Q. Will you explain the route of the New York, Ontario & Western and the kind of traffic of that road? A. It extends from Weehawken, New Jersey to Oswego, New York, on Lake Ontario. Does a passenger and freight business, largely freight.

Q. It is what you would call a through line, then, as to freight? A. Yes, sir.

Q. Has it a terminal of its own in New York city? A. No, sir.

Q. Or at Weehawken? A. No, sir.

Q. What terminal does it use? A. It uses the terminal of the West Shore Railroad Company.

Q. Does it do its own lightering? A. No, sir.

Q. Who does the lightering for the New York, Ontario & Western Company? A. The West Shore Railroad.

Q. What rates are paid? A. The New York, Ontario & Western Railway pays the West Shore Railroad their charges for performing the lighterage service.

Q. What are those rates? A. There are various rates, depending on the service rendered. They are all defined by the contract; I can state what they are from the contract.

Q. You have the contract in your hands, or a copy of it as it exists between your road and the New York Central? A. Yes, sir.

Q. You may state from the contract what those rates are? A. For freight carried from the West Shore terminal and delivered at other points in New York harbor, or received at such points and delivered at Weehawken, the following sums: For freight transferred on floats to or from the regular freight stations of the West Shore Company in the city of New York, sixty cents per ton, and to or from its stations at Williamsburg, eighty cents per ton. For freight necessarily transferred on lighters to or from such stations in New York city, \$1 per ton, and to or from such stations at Williamsburg, \$1 per ton. Freight transferred by lighters to or from any points other than the regular freight stations of the West Shore Company within the lighterage limits of New York harbor, eighty cents per ton.

Q. What other services besides the lighterage service do these rates include? A. The use of the yards, wharves, piers, stations and station houses, switching and making up trains and the services of employees at those points.

Q. Of the total charge for that lighterage service, what proportion would you estimate to be for all the other services that you state, excepting the lighterage, and what proportion for the lighterage, on the basis of the tonnage? A. I could not estimate that, but the balance of the service for freight handling is covered by rates depending on whether the freight is delivered in cars at Weehawken subject to handling by the consignees, or delivered in cars at Weehawken and handled by the West Shore railroad. Those rates vary from fifteen to thirty cents a ton.

Q. When handled by the consignee the rate is fifteen cents and when handled by the railroad it is thirty cents? A. Yes, sir.

Q. That is when handled at Weehawken? A. Yes, sir.

Q. Of course all freight that is lightered and handled at Weehawken is by the railroad company? A. Yes, sir.

Q. Can you give me an estimate of the amount of tonnage per month that is received here and handled by the West Shore railroad for the New York, Ontario and Western? A. No, I could not estimate that. It is divided between the different stations, pier 23, Thirty-third street, and Williamsburg. I could not give the tonnage.

Q. You can get that information from your books, can't you? A. Yes, sir, it is possible.

By the Chairman:

Q. Williamsburg—is that Lowell & Palmer's dock? A. Yes, sir, a portion of it.

By Mr. Fairchild:

Q. We would like to have you do that for a sufficient period to form the basis for a fair estimate. I suppose a period of six months would do that? A. I should say so, yes, sir.

Q. When can you have that ready? A. In a very short time, probably to-morrow.

Q. Can you have it here to-morrow at one thirty? A. Yes, sir.

Mr. Rickard was here excused until Tuesday, October 24th, at 1.30 p. m.

H. W. KERSHAW.

Mr. H. W. KERSHAW, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. What is your name? A. H. W. Kershaw.

Q. And where do you reside? A. New York city.

Q. What is your business? A. Clerk, with the Central Railroad of New Jersey.

Q. You have charge of some books kept by the Central Railroad of New Jersey? A. I am chief clerk of the auditor of freight traffic.

Q. The Central Railroad of New Jersey is not what is known as a trunk line railroad? A. It is not.

Q. The freight that comes to this port brought by the Central Railroad of New Jersey is what is called local freight? A. To a certain extent, yes, sir.

Q. Chiefly? A. Yes, sir.

Q. The amount of lighterage therefore required by the Central Railroad of New Jersey is small compared to the trunk lines that handle all classes of freight, including through freight? A. I think that is so, yes, sir.

Q. Does the Central Railroad perform its own lighterage service? A. It does not.

Q. Who performs that service for the Central Railroad of New Jersey? A. S. L. Saville.

Q. Who is the manager, or who has charge of S. L. Saville's operations? A. George Saville, I believe.

Q. Can you give his address? A. One hundred and forty-three Liberty street.

Q. What rate does the Central Railroad of New Jersey pay to S. L. Saville for performing lighterage service? A. In the majority of cases sixty cents a ton.

Q. That is the same rate that the Central Railroad charges and receives, or rather what the trunk lines receive in apportioning the through rate? A. Yes, sir.

Q. In what cases is it not sixty cents per ton? A. There is a certain tonnage, I believe rails and pig iron, where the rate is about fifty cents a ton.

Q. That is where freight comes in large quantities? A. Well, it is what might be termed bulk freight, to which there is no great liability of damage. I judge that is one consideration for making the cheaper rate.

Q. Are the books in your office kept in a way that shows the amount of freight that is lightered when it arrives at this port? A. From February 1st.

Q. Prior to that time would you have been able to show from your books the amount of freight lightered at this port? A. Not very well. Could possibly from our agent's record. The record was then kept by the agent.

Q. Since February 1st you have been keeping a book that is devoted to showing that very thing, the amount of tonnage that is lightered? A. Yes, sir, on east bound business.

Q. Is that the book that you have with you? A. Yes, sir.

Q. And it relates to east bound business alone? A. Alone.

Q. Will you state from that book the total amount of tonnage lightered for the Central Railroad of New Jersey for the month of September, 1899? A. I don't think I can do that; our record is not complete for September.

Q. For what month can you give? A. For August.

Q. Will you give it for August? A. I don't know that we ought to do that. I suppose our competitors are here, and I don't think we should expose our business.

Q. Mr. Saville acts as your agent in collecting the total amount of the freight? A. Yes, sir.

Q. You debit him with the total amount of the freight and credit him with sixty cents per ton, and have monthly settlements with him on that basis? A. Yes, sir.

Q. And which item in this book shows such credits and such debits, excepting where the freight is prepaid? A. It shows a credit in all cases. In the case where the freight is prepaid, there is simply a credit without a debit.

Q. As I understand you, you have objection to answering the question that I asked you as to the total amount of tonnage handled by your road for certain months only because of your desire not to publish your business to your competitors? A. That is right.

Q. You are willing to give those figures, however, for the use of the Commission? A. Yes, sir.

Q. Now, have you prepared a statement showing those figures that you can offer here as an exhibit? A. I have a statement here for four months, May, June, July and August that I am willing to offer.

Q. The figures appearing in that statement appear in the books to which you have referred? A. Yes, sir.

Q. And are correct? A. Yes, sir.

Statement offered in evidence and marked "Exhibit 1 of October 23rd, 1899."

By Commissioner Smith:

Q. How long has Mr. Saville handled the lighterage for your company? A. That I could not answer.

Q. Do you not know how long? A. No, sir.

Q. How long have you been connected with the company? A. Eleven years.

Q. Has he done it ever since you have been there? A. To the best of my knowledge he has.

Q. Is he an officer of the railroad company? A. Not to my knowledge.

Q. Do you know whether he is a stockholder or director of the company? A. Not to my knowledge.

Q. Are you familiar with the reason why sixty cents is paid to him for lighterage? A. I could not say that I am. I am not an authority on lighterage; that is, as to the cost of lighterage.

Q. That is what you get for lightering? A. That is what is allowed us and allowed by us in turn to the lightermen in the majority of cases. In a few cases the rate is not that high.

Q. Are there any rebates that you know of paid back to any shippers on that lighterage? A. There are not.

By Commissioner Kelly:

Q. Does Mr. Saville make any rebates to your company at any time? A. No, sir.

Q. That is the net rate? A. Yes, sir.

EXHIBIT No. 1 of OCTOBER 23, 1899.

Statement showing tonnage of eastbound freight received by Central railroad of New Jersey at New York during months of May, June, July and August, which was lightered:

	Weight, pounds
May	39,796,246
June	33,087,940
July	27,307,431
August ..	26,585,121

STEPHEN W. WILLIAMS.

STEPHEN W. WILLIAMS, being duly sworn by the chairman, testified as follows:

By Commissioner Smith:

Q. I simply wished to know if it was the view of the railroad company that sixty cents a ton was what it really cost the lighterage company to do the business, or practically that? A. It is as cheap as we can get it done.

Q. You could not get it done any cheaper? A. No, sir.

Q. How long has Mr. Saville done this business for you? A. Saville is dead. His son has done the business for a great many years. It is run now by the family and the son is manager.

Q. Is the contract made yearly? A. There is no contract. He has done the business; commenced, I suppose, with a single lot that we had to lighter and it has gone along from year to year. There is no contract with him except a verbal arrangement that he does our business.

Q. Is it a corporation, this Saville company? A. I think not.

Q. Do you know who the people are who are interested in it now? A. I think the widow.

Q. It is an estate? A. An estate; yes, sir.

Q. And the business is wholly owned by this estate? A. Yes, sir; the son manages it.

By Mr. Fairchild:

Q. George Saville? A. Yes, sir.

By Commissioner Smith:

Q. How do you know that you can not get the business done for less, since you have been employing them so long? Have you made efforts to find out from time to time? A. Well, we are trying to cut down expenses all the time. I suppose that has been investigated; in fact, I know it has, in connection with other matters.

Q. Is there any other merchandise for which you are charged less than fifty cents a ton? A. Nothing but pig iron and rails.

Q. You get fifty cents for that? A. Yes, sir.

Q. Is there anything you give them less for than pig iron and rails? A. Nothing.

Q. You get sixty cents for pig iron and rails yourself—is there an allowance of sixty cents—for lighterage, to you? A. I think there is an understanding that in the through rate there is an allowance of fifty cents for lighterage.

Q. It is your purpose to give to the lighterman all you get for the lighterage? A. We turn over all the allowance there is in the rate to Mr. Saville, who does the business.

Q. If the lighterage was unprofitable, of course Mr. Saville would cease to do it at that rate? A. If he could not make money at it he would probably have to make an assignment.

By Mr. Fairchild:

Q. Your name is Stephen W. Williams and you are the second vice-president, treasurer and comptroller of the Central Railroad of New Jersey? A. Yes, sir.

Q. For how long did you say Mr. Saville had been doing this lighterage business for the Central Railroad of New Jersey? A. I think he was doing it when I took an active interest there in 1882. He certainly was in 1892.

Q. There are other lighterage companies at this port, other than the railroad lighterage departments, are there not? A. Individual operators?

Q. Yes, sir. A. Well, there are a number of people doing lighterage; whether they are companies, corporations, private firms or individuals I could not state.

Q. There are a number of individual operators, substantial concerns? A. In the business; yes, sir.

Q. One of them is Mr. Moore's company? A. Harrison B. Moore?

Q. Yes sir. A. Yes sir; I think it is.

Q. What is the name of that company? A. I do not recall.

By Commissioner Smith:

Q. New York Lighterage Company, I believe, isn't it? A. I do not recall.

By Mr. Fairchild:

Q. It is the New York Lighterage Company. Then Starin is in the business of lightering? A. Yes, sir; I think he is.

Q. There are still other individual operators, are there not? A. Yes, sir.

Q. During the time that you have been connected with the Central Railroad of New Jersey, have you called for bids from any of these individual lighterage companies for performing this service for the Central Railroad of New Jersey? A. I never have. That may have been done by the traffic manager.

Q. Have you ever known of its being done? A. No; I have never known it to be done.

Q. You have never known of any effort, since you have been connected with the company, to ascertain whether any of these other operators would lighter it for the Central Railroad of New Jersey at a less rate? A. No; we never have.

Q. Does the Saville estate own any stock in the Central Railroad of New Jersey? A. I do not think they own a share. I do not recollect seeing their names on the stock list as the owners of a single share of stock.

Q. George Saville is in no way connected with the Central Railroad of New Jersey as an officer? A. In no way; no more than you are, sir.

By Commissioner Smith:

Q. Do you know whether or not there are any companies that do lightering in the port for less than three cents a hundred pounds? A. I do not know that.

Q. Do you know that steamship lines make a rate of two cents in their freight rate, allow only two cents a hundred pounds for lighterage, make a contract with the lighterage company to do it at two cents a hundred pounds? A. I did not know that to be the case.

Q. If it were the case would you be apt to know it? A. Not unless I should be investigating something in connection with it; it would not come to my attention.

Q. What is the reason your company is indisposed to make a

profit on its lighterage, if it is possible? A. They are not indisposed to make a profit on anything but it is a grave question whether we have enough traffic to warrant our making expenditures for a large equipment as is required. Mr. Saville does not confine himself to our company, but he lighters for anybody that has any traffic to offer.

Q. You mean that the amount of business you give him, you have not thought it worth while to investigate rates and see if you could get it done for less? A. No. What I mean to say is that the amount of business that we offer him has never tempted us to look into the question of endeavoring to make a profit on that by investing capital in a plant to do it ourselves.

Q. I meant in making a profit on it, reducing the rate that you pay him. If it is done for two cents in the port, as we have been informed that it has been, the question is why don't you get the two cents? A. We should, if it is being done for that. I think though that you will find that is an exceptional case. I should judge so because if that was the current rate we certainly would know of it.

Q. If you could get it done for two cents you would get it done for two cents? A. Yes, sir.

By Mr. Fairchild:

Q. From whom do you collect that three cents per hundred pounds that you pay to Saville? A. As a rule Saville acts as our agent in the matter and we bill him with the charges to collect and he collects from the consignee, then he retains what is due him and pays us the balance.

Q. And that total charge includes the three cents you pay him? A. Yes, sir.

Q. And when you, therefore, make your rate for freight that is required to be lightered you add that three cents to the through rate and then pay it over to him? A. Yes, sir; in some cases the freight is prepaid——

Q. But in all cases, whether prepaid or not, it includes the three cents added to your rate, because of the fact that you are obliged to pay that three cents to the lighterage company? A. Yes, sir; company or somebody.

Q. So that the shipper does pay it, even if it is absorbed in the through rate? A. Yes, sir.

By Commissioner Smith:

Q. You do not make the claim that lighterage is free in this port, do you? A. I do not comprehend the scope of your inquiry.

Q. There have been people before this Commission who testified that the lighterage question is one that should not concern this Commission for the reason that it is a free service. You have just explained that it is not a free service and, of course, you do not consider it a free service? A. A free service in the sense that they absorb it and pay it to themselves?

Q. Yes, sir. A. If you have a dollar rate to New York and there is three cents lighterage in it, which is taken out before the balance is apportioned between the roads that carry the freight, of course they absorb that charge and, in that sense, it is free.

Q. You have just stated here that your agent collects this of the consignee in a number of cases and that it is added to your rate, to the rate that you receive for carrying freight over your line. I understood you to say that.

By Mr. Fairchild:

Q. I understand Mr. Williams testified that his rate is three cents greater than the amount the railroad charges for the railroad transportation because of this lighterage service. A. Oh, no; you misunderstood me. The rate is a dollar. Now out of the dollar the lighterman gets three cents. The balance is divided among the roads that carry it. It is not a dollar and three cents.

Q. That is not my statement, but you do not claim that because it is made a part of the through rate that, therefore, the shipper does not pay anything for lighterage? A. No, sir. He pays the freight, the whole thing.

Q. And he pays that part of it just as much as every other part of it? A. Yes, sir; that part just as much as every other part.

By Commissioner Smith:

Q. When you send your statement to Mr. Saville do you just put in the through rate you receive, without any item for lighter-

age, or do you put in so much freight for the Central Railroad of New Jersey and three cents extra for lighterage? A. No, sir; we send him the amount of freight. For instance, if the freight to New York is a dollar, we give him a freight bill for a dollar, which he collects of the consignee. When he gets that he takes three cents and puts it in his pocket and gives us ninety-seven cents.

Q. What would be the charge in case no lighterage was done?

A. I should have to bring my freight tariffs to tell you that.

Q. If you do not pay anything over to Mr. Saville, I believe all freight that comes here bears a lighterage charge, does it not? A. I assume that it does.

Q. In the case where the consignee comes and gets the freight from you, without your lightering it, of course you do not pay that to Mr. Saville? A. He does not come.

Q. All the freight that you receive for New York is lightered; don't you deliver any in Jersey City? A. Not for New York. We have consignments to Jersey City.

Q. Is there a different rate to Jersey City than to New York? A. I think there is.

Q. A less rate? A. I think it is a less rate. I will not be positive about that without looking at the tariffs.

Q. Your opinion is that all the freight you receive for New York is lightered? A. Yes, sir.

By Commissioner Kelly:

Q. Do you transfer cars at all to the New York side of the river? A. Yes, sir.

Q. Transfer cars by float? A. Yes, sir.

Q. That freight bears a lighterage charge? A. A lighterage charge would be in that, yes, sir, if it was lightered. The transfer across the river is included in the rate.

By Commissioner Smith:

Q. That would not go to Mr. Saville? A. No, sir; we take that.

By Commissioner Kelly:

Q. Where do you make your deliveries to Mr. Saville, on this side of the river or the other side? A. The other side.

By Commissioner Smith:

Q. How large a proportion of the freight that you receive do you suppose Mr. Saville handles? A. I could not say that.

Q. Approximately? Of course you could not say exactly. A. That we receive for New York?

Q. Yes, sir. A. I should say, roughly, twenty per cent.

By Mr. Fairchild:

Q. I will ask you this question: If a consignee came to you and asked you to let him, instead of having Mr. Saville do the lightering, do his own lightering, would you allow him to do it and allow him that three cents? A. That is a detail connected with the traffic department that I know nothing of. They might be allowed and they might not.

By Commissioner Smith:

Q. There is no rule in the matter? A. None that I know of.

By Mr. Fairchild:

Q. Who would be able to answer that? A. Mr. Kershaw might.

Mr. Kershaw.—I should say "No."

Mr. Fairchild—The reason you would not allow the consignee to do his own lightering, and allow him the three cents lighterage charge, is that you fear it would interfere with the agreement regarding rates to New York?

Mr. Kershaw—I believe it is understood in New York that nobody but the authorized lighterage companies or the railroads themselves shall do the lighterage.

Mr. Fairchild—Suppose the consignee should go to the Central Railroad of New Jersey and say that he preferred to have the New York Lighterage Company do his lightering and ask you to allow that company to do the lightering?

Mr. Kershaw—That, of course, I would not like to say. I assume that it would not be done. We could not have a half a dozen people going in there stopping traffic and blocking up the place.

Mr. Fairchild—If that was done, and the consignee saved something to himself on that lighterage, to that extent it would interfere with the agreed tariff rates?

Mr. Kershaw.—It would be cutting the interstate rates.

By the Chairman:

Q. The freight that you turn over to Mr. Saville is package freight that is not in full carload lots? A. Sometimes in carload lots and sometimes in packages.

Q. He has facilities for shifting the cars on a float? A. He does not take any cars on a float. He can take carload lots, but not cars.

Q. He shifts the cargo in Jersey City? A. He takes it out of the cars and puts it on the lighter.

Q. That is not a float? A. No, sir.

Q. You own the floats? A. Yes, sir.

By Mr. Fairchild:

Q. Where does that eighty per cent of the freight that you receive and bring here on floats go—to your own stations? A. Yes, sir.

Q. And is taken out of the cars there and hauled away from there by the consignee? A. Yes, sir.

Q. And the only handling on that freight would be taking it out of the cars at your station? A. Yes, sir.

Q. In the case of freight that is lightered, it is taken out of the cars in Jersey City, placed upon the lighter and then brought over to the point in New York and taken out of the lighter, so that there is a double handling? A. Yes, sir.

Q. In that eighty per cent. of freight that comes over on floats, as between you and your connections, that is called lightered freight, upon which you are allowed three cents per 100 pounds? A. Yes, sir; the rate is the same.

Q. Would you say that the percentage of eighty per cent. and twenty per cent., as to your road, would hold good as to roads generally at this port? A. Yes, sir; I should think so. .

By Commissioner Smith:

Q. The figures you have obtained here, Mr. Counsel, do they include the total money they receive for lighterage?

Mr. Kershaw—I gave nothing but tonnage. I simply gave you the tonnage of the east-bound lighterage that is handled by Saville.

Mr. Fairchild—It does not include the eighty per cent. that comes over on your float?

Mr. Kershaw—That does not include anything that is handled at our piers by float.

Commissioner Smith—Have you accounts which show whether that eighty per cent. that you do is done at a loss or not?

Mr. Kershaw—No; I could not say.

Commissioner Smith—Who could say for your company?

Mr. Kershaw—I do not know.

The Witness—I can say that we get sixty cents a ton, three cents a hundred, and it costs us five cents; it costs us over a dollar a ton.

By Commissioner Smith:

Q. You do not keep separate accounts that show that? A. No, sir; I do not think that we have.

Q. It would be a very desirable thing to place upon our records that you pay five cents and only receive three cents. I think it would be well worth your while to make a statement to that effect. A. That includes the cost of our terminals, rent of wharves, repairs, taxes and insurance.

Q. Rent of wharves? A. We have to have a place to unload and we have got to hire a pier.

Q. The reason we are inquiring into this cost of lighterage is because an allegation has been made, so many times, that the lighterage charge is excessive in this port. If it is in the power of the railroad companies to prove that it not only is not excessive but that it is a loss to the railroad companies, our records should bear that fact on them. A. That is true.

By Mr. Fairchild:

Q. Have you ever estimated what the lighterage service alone costs on the eighty per cent. that comes over on floats? A. I have.

Q. What is that estimate? A. The last estimate I made was, I think, that it cost seventy-two cents a ton; that was some time ago.

Q. So that it costs you more for the single handling of the eighty per cent., your estimate showed a loss, whereas, where there is double handling on the twenty per cent. lightered by Saville, you think he makes a profit? A. I do not think he would be in the business unless he did. He could not stay in it unless he made something, not very long.

By the Chairman:

Q. Mr. Saville has his own terminals? A. No, sir.

Q. Simply boats? A. Yes, sir.

Q. He goes anywhere and delivers anywhere the goods are consigned to? A. I suppose he has got simply an equipment that he can keep employed. Perhaps the excessive cost to the railroad was the excessive equipment facilities that it kept constantly employed to do the business over its absolute requirements.

Q. Did you include the cost of terminals in your estimate of seventy-two cents? A. No, sir. It is a long time since I did it, but it impressed itself so firmly on my mind that I never forgot it.

Q. How long ago did you make it? A. Several years ago.

By Commissioner Smith:

Q. Wouldn't Mr. Saville be willing to do all that work for you? A. He could not do it.

Q. The more he does do, the less expense you are under? A. No. If he took the freight from us the average per ton loss would be greater.

By Mr. Fairchild:

Q. If he does it for sixty cents, for double handling, and it costs you seventy-two cents for a single handling? A. It is different classes of traffic.

Q. Most of the small package freight, I suppose, is lightered by Saville? A. Oh, no. Very little. Small packages come to New York on floats as a rule.

Q. In carloads? A. Promiscuous packages.

Q. Come right to your freight station in carloads? A. You open the door of the car and there may be fifty different consignments to different people.

By the Chairman:

Q. What freight does Mr. Saville usually get, any special freight? A. I could not answer that. I am not familiar enough with the business. Perhaps Mr. Kershaw could tell you.

Mr. Kershaw—I should say straight carload consignments, not any particular commodity. Where people might want our New York delivery, that is, say Liberty street or Fifteenth street, we would float that, but where it is lighterage free they have the option of demanding it delivered anywhere in the harbor.

The Chairman—Where you have got a depot?

Mr. Kershaw—Yes, sir; or anywhere, alongside steamer.

EDWIN T. DOUGLASS (recalled).

EDWIN T. DOUGLASS, recalled, testified as follows:

By Mr. Fairchild:

Q. Mr. Douglass, have you produced here to-day the figures which were asked for the other day and which you promised to produce? A. I have some figures, but you were to call upon me to tell me just what you want. I don't know whether I have brought the figures you want or not.

Q. As to the cost of handling, as to the different items of cost that would enter into the total cost of sending freight by the canal lines, have you made up a statement from your books showing the items and the total cost? A. I have here a statement which I prepared showing the cost, the average for the season of 1897 and 1898 of getting the freight to Buffalo, to alongside dock. These figures, you understand, are the bare cost of labor, towing, insurance on canal freight. They do not include any office expenses or terminal charges or whatever there might be. These are the actual expenses which we pay for handling a net ton of freight, our outlay for labor.

By Commissioner Smith:

Q. Apart from the office expenses? A. Apart from the office expenses and to alongside dock in Buffalo.

Q. Why don't you include office expenses? A. Those are something I have not in my office. The expenses of my company are kept in another place, and I want you to understand that, so that you will not consider these as the exact figures of getting a ton of freight to Buffalo; there are lots of other expenses.

By Mr. Fairchild:

Q. And you say that the statement that you have in your hand is made up from your books and shows as you have just described, and the figures are correct? A. Yes, sir.

(Paper received in evidence and marked exhibit No. 2, of October 23, 1899.)

By Commissioner Smith:

Q. I would like to get from you the rail and lake rates on various classes of freight from New York. A. To what point?

Q. To Chicago. A. Fifty-four, forty-seven, thirty-seven, twenty-seven, twenty-three, twenty, those are the six classes.

Q. Is there not another class called "Miscellaneous?" A. There are various commodities.

Q. You don't class them all under one class? Different rates for different articles? A. Yes, sir.

Q. Will you please state what the comparative canal and lake rates are? A. The canal rates are thirty-five, thirty, twenty-five, eighteen, sixteen, with various commodities which are lower than those. The commodity rates are lower than those.

By Mr. Fairchild:

Q. All this business is western freight on the canal, is it not? A. Yes, sir.

Q. How is it that you do not do any eastbound business on the canal? A. Well, I can only explain that by saying that we never have done it; the eastbound is principally grain and that kind of freight, which is handled by scalpers at Buffalo. There is

eastbound freight that comes by canal, as you know, but that is a matter of individual deal between the owners of the grain and the owners of the canal boat.

Q. Now, the westbound freight is a package freight, is it not?

A. Principally package and cargo.

Q. And there is no eastbound freight to any extent, no package freight, on the canal, is there? A. I believe not, very little package freight.

Q. You make no endeavor to get eastbound package freight?

A. No, sir.

Q. Why is that? A. I suppose there is no money in it; I don't know of any other reason.

By Commissioner Smith:

Q. Do any vessels on the lake but the lake lines carry freight east bound? A. I think not. I don't see how they could very well without terminals. Any boat can carry grain on the lake and be unloaded, but it would be hard for any boat but a line boat to carry package freight.

Q. There are no public docks in Buffalo? A. I understand not.

By Mr. Fairchild.—As a matter of fact, if any one attempted to establish an eastbound package freight line on the canal, so far as freight that originated west is concerned, there would be no place for them to receive it there? A. I believe attempts have been made to do it, but they have not been successful.

Q. Unless they could make an arrangement with one of these regular freight lines there would be no place where they could secure freight? A. They could secure freight; the question is about handling it.

Q. How could they secure freight originating west of Buffalo?

A. They could make arrangement with an outside line of steamers to carry freight on the lake if they could handle it.

By Commissioner Smith:

Q. There is no place at Buffalo to handle it, you say? A. I say there is not; I mean I am not familiar with the docks at Buffalo. There are certainly more docks in Buffalo than package

freight lines occupy, but just what the facilities at Buffalo for outside freight lines are I could not tell you; there are several docks.

Q. Covered docks? A. Yes, sir.

By the Chairman:

Q. There are no public docks? A. I do not think so in the sense that we have public docks here; I don't think there are.

CLARENCE S. LEONARD.

C. S. LEONARD, having been first duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. Clarence S. Leonard.

Q. What is your residence? A. Rahway, New Jersey.

Q. Your business? A. Agent of the Erie and Western Transportation Company and the Canal and Lake Steamboat Company.

Q. The Canal and Lake Steamboat Company? A. Yes, sir.

Q. What is that? A. That is a chartered company under the laws of the State of New York, operated as a canal line.

Q. Is it a lake line or only a line running from New York to Buffalo? A. It is a canal line.

Q. That is what is known as the Western States Line? A. Yes, sir.

Q. That company owns no boats? A. Not on the canal, no, sir.

Q. Do they own any boats at all? A. Not on the canal.

Q. Do they own any boats at all? A. The Canal and Lake Steamboat Company owns boats.

Q. Do they run in connection with any particular lake line? A. Yes, sir.

Q. What lines? A. The Erie and Western Transportation Company.

Q. That is a lake line? A. That is the Anchor Line.

Q. That is the line that is the connection of the Pennsylvania Railroad Company? A. Yes, sir.

Q. Does the Western States Line carry freight from New York to Buffalo for any other lake line or deliver it to any other lake line than the one you have mentioned? A. No, sir. I hardly mean that; we do carry freight for other freight lines than the Anchor Line; we carry freight for our connections with Lake Erie ports.

Q. But for no lake line for points on the lake that are reached by the Erie and Western Transportation Company? A. No, sir.

Q. If freight is destined from New York to western points by rail and lake, would that be in your charge? A. Yes, sir.

Q. So you are in a position, being agent, to secure and receive freight that goes to western points over the Pennsylvania Railroad Company and the Erie and Western Transportation Company lake line or over the Western States Canal Line and the Erie and Western States Transportation Line? A. Yes, sir.

Q. Will you explain what is the difference in rates over those respective lines? A. Mr. Douglass has already given our rates to Chicago, that is the basis point for lake and rail—54, 47, 37, 27, 23, 20.

Q. And the canal and lake? A. 35, 30, 25, 20, 18 and 16.

By Commissioner Smith:

Q. Is that the rate that has been in force all this year? A. Yes, sir.

Q. Uniformly? A. Yes, sir.

Q. Do you know it to be the rate maintained by all the lines? A. Yes, sir.

By Mr. Fairchild:

Q. Where is your terminal in New York, your station for west-bound freight for the canal? A. Old Pier 6, East River.

Q. From whom do you receive the right to occupy Pier 6, East River? A. The city of New York.

Q. From the dock department? A. Yes, sir.

Q. Under a contract between you and the dock department? A. Yes, sir.

EDMUND K. TAYLOR.

E. K. TAYLOR, having been first duly sworn by the Chairman, testified as follows:

By Mr. Fairchild:

Q. Your full name? A. Edmund K. Taylor.

Q. Where do you reside? A. Brooklyn.

Q. What is your business? A. Agent for the Diamond Despatch and the Lehigh Valley Transportation Company.

Q. The Lehigh Valley Transportation is a lake line? A. Yes, sir.

Q. It is a regular line of the Lehigh Valley Railroad? A. Yes, sir.

Q. And the Diamond Despatch is a canal line? A. Yes, sir.

Q. And connects exclusively with the Lehigh Valley Transportation Company as to all freight reaching points that the Lehigh Valley Transportation Company boats reach on the lakes? A. Not exactly that, but mostly so, yes, sir.

Q. Do you take freight for the Diamond Despatch for any other line except the Lehigh Valley lake line? A. Yes, sir.

Q. And do you take it for any other line that reaches the same point as the Lehigh Valley lake line on the lakes? A. In that case only for the Lehigh Valley Transportation Company. On business going to the northwest, we have several ways of getting there, outside lines as well as our own. The Lehigh Valley Transportation Company is a line that only runs from Buffalo to Chicago and Milwaukee.

Q. As to these points you have exclusive connection with that company? A. Yes, sir; with the Lehigh Valley Transportation Company.

Q. If freight is destined from New York to western points by lake and rail, going over the Lehigh Valley Railroad, do you receive that freight? A. Yes, sir; we solicit that freight.

Q. You solicit and receive for both the Lehigh Valley Railroad at this port going lake and rail, and also for the Lehigh Valley Transportation Company going canal and lake? A. Yes, sir.

Q. In which case you act as agent for the Lehigh Valley Railroad? A. Yes, sir.

Q. You have heard the rates stated here, rail and lake and canal and lake, and they are correct? A. Yes, sir.

Q. Each of the principal trunk lines then has a lake line and a canal line? A. Yes, sir.

Q. And each of them has an agent here in New York to receive from the canal line such freight as they cannot get for the rail and lake at higher rates? A. Yes, sir.

AUGUSTUS DEMAREST.

A. DEMAREST, having been first duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Your full name? A. Augustus Demarest.

Q. Where do you reside? A. Newark, N. J.

Q. Your business? A. Agent for the Union Steamboat Company and the Union Steamboat Canal Line.

Q. The Union Steamboat Line is a canal line? A. Yes, sir.

Q. Are you also agent for the American Transit Company? A. No, sir.

Q. You were? A. No, sir.

Q. Do you know who is agent for the American Transit Company? A. L. Demarest.

Q. The Union Steamboat Company is a lake line of the Erie Railroad Company? A. Yes, sir.

Q. You will tell me what is the name of your canal line? A. The Union Steamboat Canal Line.

Q. And the Union Steamboat Canal Line is the canal line of the Erie Railroad Company. A. Yes, sir.

Q. And you also act as agent of the Erie Railroad. Receive freight for the Erie Railroad that comes rail and lake? A. Yes, sir.

Q. Where you can not secure freight at these rates you secure it for Erie Railroad Company's canal line, canal and lake at lower rates? A. Yes, sir; if we can.

Q. That is your business? A. Yes, sir.

Q. Your terminal is also Pier 6? A. Pier 7, East River.

Q. You occupy that terminal under a lease from the dock department? A. No, sir, by permission from the dock department.

Q. A revocable permit, is it? A. Yes, sir.

Q. Is L. Demarest still agent of the American Transit Company? A. Yes, sir.

Q. That is the lake line of the Delaware, Lackawanna & Western Railroad Company, is it not? A. No, sir; he represents the Wabash Railroad and the Wabash lake line.

Q. Does the Wabash line connect with the Delaware, Lackawanna & Western Railroad? A. I think they do, I think all the trunk lines out of here connect with the Wabash lake line.

Q. You have heard the freight rates that have been testified to here? A. Yes, sir.

Q. Rail and lake and canal and lake, and they are correct? A. Yes, sir.

By Commissioner Smith:

Q. Is the rate uniform from Buffalo to Chicago on all lake lines? A. As I understand it, the rates are uniform.

Q. Then the difference in rates between the lake and rail and the canal and lake is wholly between here and Buffalo, is it? A. Not necessarily, no, sir. There is a percentage, as I understand it on the through rate, they have a local rate from Buffalo.

Q. I am talking of through business, only of through business. Where it is fifty-four cents on first-class rail and lake and thirty-five cents first class by canal and lake, that difference is represented wholly between here and Buffalo isn't it; there is no difference in the rate west of Buffalo? A. What do you mean by "Buffalo by lake" to Chicago, we will say?

Q. Yes, sir. A. They have a local rate from Buffalo; what their proportion is, I could not say.

Q. Whether the merchandise goes by canal or by rail to Buffalo the lake rate is just the same from Buffalo to Chicago on through business? A. I could not say whether it is or not. It depends entirely on the percentages.

Q. You do not own your own canal boats? A. No, sir.

Q. On what basis do you charter boats? A. At the best prices we can get them for.

Q. Just for the trip? A. Yes, sir.

Q. At any rate you can get? A. Yes, sir.

Q. When you make a rate from New York to Buffalo by canal, you know what the difference is between what the railroad gets and what it pays to the canal, don't you? A. Well, I don't know; I cannot say exactly.

Q. What is the rate to-day by canal line? A. To Buffalo?

Q. Yes, sir. A. The canal rates to Buffalo are seventeen and one-half, twelve, ten, nine and eight.

Q. You pay the cost of putting it aboard, of course? A. Yes, sir; pay all expenses.

Q. All the rest is what your line receives? A. Over and above the cost, yes, sir.

Q. Is that uniform with all the canal lines, the rate you have stated, so far as you know? A. Between here and Buffalo?

Q. Yes, sir. A. I cannot say.

Q. Are you doing what you consider your share of the business? A. On Buffalo local business?

Q. Through business? A. The through business is different from the Buffalo local business. I consider I am getting my share of the through business.

Q. Do you consider you are getting your share of the local business to Buffalo? A. Not altogether.

Q. Why are you not getting your share? A. Because I do not make as low a rate as some of my competitors.

Q. Then the rate is not uniform on the canal lines? A. Not on some articles.

Q. On what articles? A. Take coarse freight. We have in the market here what we call scalpers, they take freight at the cost and add about \$5 profit to the boatload.

Q. You compete with them? A. No, sir; I do not pretend to compete with them.

Q. All canal lines compete with them? A. It is the option of the canal lines whether they want to meet that figure or not.

Q. That is confined to local business between here and Buffalo?
A. Yes, sir.

Q. For the reason that these independent boats cannot find any connection west of Buffalo? A. They don't figure on freight west of Buffalo.

Q. Why don't they? A. They have no lake line.

Q. The existing freight lines would not take freight from them?
A. The Union Steamboat line would not take freight from them; that is the only one I know anything about.

By Mr. Fairchild:

Q. Is it not your understanding that other railroad lake lines conduct their business the same way? A. I cannot say.

Q. Is not that your understanding? A. What do you mean, as to the rates?

Q. As to not taking freight from any other than their own canal line? A. They are at liberty to take from any one they choose; whether they do or not, I cannot say.

Q. Is it not your understanding that their business is conducted the same as yours; that is, freight is received only through the offices of their respective agents? A. Not necessarily; no, sir.

Q. Is it not your understanding that it is conducted the same way? A. No, sir.

Q. What lake line do you understand will receive freight from independent companies? A. I cannot say.

Q. Have you any reason to believe that any of the railroad lake lines will receive or do receive freight from independent companies? A. I have reason to believe they do, some of them, although I have no positive evidence.

Q. That is only a suspicion on your part? A. Yes, sir.

FRANK OSBORNE (recalled).

FRANK OSBORNE, recalled, testified as follows:

By Mr. Fairchild:

Q. Have you brought with you and are you ready to produce from your books, showing the cost to the Pennsylvania Railroad

of performing the lighterage service for the years 1898 and 1899?

A. Yes, sir; down to and including August, 1899. I have not got complete data for September yet. I stated on the previous day a great many of these figures come to me from other departments, take for example repairs, they are made in another department entirely.

Q. But you have them in your office, they reach you in that manner? A. They give them to me, but I have not got September made up.

Q. Have you in a separate statement the figures for 1898, showing each item of cost in performing lighterage? A. Yes, sir.

Q. And the figures there given are each and all of them correct? A. They are, to the best of my ability to make them up. The statement for 1898 also includes the tonnage, for the figures of cost would be a poor factor unless you know what tonnage is to be applied to it. I would ask that that would not be made a matter of public information for the benefit of competitors, to our disadvantage. The tonnage is a matter that is surely one of private import, and I would ask that it not be made public.

Q. You say that these figures in 1898 statement are true? A. Yes, sir.

Q. And represent the total amount of tonnage and the exact cost under different items to the Pennsylvania Railroad Company for lighterage service, for that tonnage? A. For that year, yes, sir. It is also divided to show what it cost per ton. I want to say in addition to that, all I have to do with is the boats; I am not an accountant or comptroller, but this statement has got only to do with my side of the house, the operating of the boats, keeping them in good repair, fuel, towing, wharfage and labor, that I pay. Someone acquainted with the different officers should appear before this Board who ought to be able to say what will be the expense of that vast plant on the Jersey shore, which incidentally bears on this lighterage. I have nothing whatever to do with that, but it will add to the cost of lighterage over and above the cost of what the delivery of freight would be at Jersey City.

(Statement offered and received in evidence and marked Exhibit No. 3 of October 23, 1899.)

Q. You do not consider that the cost of terminals in Jersey City is any greater than the cost of railroad terminals at the other ports, merely by reason of the fact that for freight arriving at Jersey City, lighterage is necessary at this port? The cost of terminals should be the same at all the ports or at least there should be no difference in the cost by reason of the fact that you have to lighter here. A. Are you speaking of our own terminals or the terminals in New York?

Q. You do not consider that the mere fact of the necessity of lightering at this port makes your terminals in Jersey City cost any more than terminals at other ports, because, in other words, so far as the cost of terminals is concerned at every port, whether lightering is or is not done, railroads are obliged to have terminals and are subject to that terminals expense. A. A water terminal is more expensive than an inland terminal.

Q. The terminals at Philadelphia are water terminals? A. Some of them are.

Q. The Pennsylvania Railroad terminals are? A. Some of them, yes, sir.

Q. The Baltimore and Ohio terminals at Baltimore are water terminals? A. I don't care about going into the question of water terminals as I don't know anything about it.

Q. You are showing by these statements the cost of lightering? A. Yes, sir; just the mere naked cost to put it on a boat and take it off.

Q. You also have a statement showing the cost of lightering on given amount of tonnage by items, up to and including August, 1899? A. Yes, sir.

Q. These figures are also taken from your books in your office and are correct? A. Yes, sir; taken from the reports in our office, we do not keep a regular bookkeeping account.

Q. From the reports in your office and are correct? A. Yes, sir; based on my knowledge and belief, they are correct.

(Statement offered and received in evidence and marked Exhibit No. 4 of October 23, 1899.

The Commission here adjourned until October 24, at 1.30 p. m.

EXHIBIT No. 2 OF OCTOBER 23, 1899.

CANAL—AVERAGE COST OF FREIGHT FOR 1897.

Total net tons.....	44,312
Labor	\$0 24.62
Towing	6.15
Insurance	13.16
Total (labor, towing and insurance).....	\$0 43.93
Canal charters	53.06
Total cost	\$0 96.99

Highest, 80 cents net. . Lowest, 40 cents gross, 36 cents net.

Outside Freight, 1897.

Tons, 35,567, net:

Labor, average, net ton.....	\$0 23.55
Towing, average, net ton.....	6.48
Insurance, average, net ton.....	8.77
Total	\$0 38.20
Canal freight, net ton.....	50.62
Grand total, net ton.....	\$0 88.82

General Merchandise, Pier 6, East River, 1897.

Tons, 8,745, net:

Labor, net ton.....	\$0 30.00
Towing, net ton.....	4.80
Insurance, net ton.....	32.12
Total	\$0 66.92
Canal freight, net ton.....	62.25
Grand total, net ton.....	\$1 29.17

CANAL—AVERAGE COST OF FREIGHT FOR 1898.

Total net tons.....	33,388
<hr/>	
Labor	\$0 24.82
Towing	5.63
Insurance	12.60
<hr/>	
Total (labor, towing and insurance).....	\$0 43.05
Canal charters	50.21
<hr/>	
Total cost	\$0 93.26
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Highest, \$1.00 net. Lowest, 40 cents gross, net 36 cents.

Outside Freight, 1898.

Tons, 25,331, net:

Labor	\$0 23.14
Towing	6
Insurance	8.16
<hr/>	
Total	\$0 37.30
Canal freight	47
<hr/>	
Grand total	\$0 84.30
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General Merchandise, Pier 6, East River, 1898.

Tons, dock, 8,057:

Labor	\$0 30
Towing	4.47
Insurance	26.38
<hr/>	
Total	\$0 60.85
Canal freight	60.96
<hr/>	
Grand total	\$1 21.81
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EXHIBIT No. 3 OF OCTOBER 23, 1899.

Merchandise.

1899.	Tonnage.	Office and incidentals.	Loading.
January	57,274	\$1,645 82	\$9,237 66
February	47,613	1,657 82	7,572 24
March	58,497	1,747 91	9,593 28
April	56,673	1,679 11	8,322 11
May	62,838	1,666 17	9,201 36
June	55,608	1,694 44	8,098 07
July	46,127	1,678 01	6,930 58
August	51,278	1,676 49	7,497 86
September	47,954	1,688 50	7,078 40
October	57,970	1,658 62	8,460 79
November	50,565	1,691 64	7,972 00
December	57,954	1,700 06	8,941 22
	<hr/>	<hr/>	<hr/>
	650,371	\$20,184 59	\$98,905 57
	<hr/>	<hr/>	<hr/>

1899.	Unloading.	Manning.	Charter.
January	\$3,536 24	\$10,831 09	\$4,341 34
February	3,053 61	9,793 70	4,564 89
March	3,802 95	10,608 35	4,677 94
April	4,066 87	10,345 14	4,693 50
May	4,194 96	10,708 84	4,762 45
June	3,758 41	10,275 26	4,690 42
July	3,336 50	9,875 65	4,388 39
August	3,581 61	10,196 83	4,419 69
September	3,336 45	10,122 61	4,314 67
October	4,007 08	10,392 47	4,354 05
November	3,404 12	10,471 71	4,408 67
December	3,898 87	11,133 40	4,608 77
	<hr/>	<hr/>	<hr/>
	\$43,977 67	\$124,755 05	\$54,224 78
	<hr/>	<hr/>	<hr/>

1850

REPORT OF THE

1899	Wharfage.	Towing.	Watching.
January	\$947 07	\$6,904 48	\$2,537 11
February	925 35	6,310 98	2,433 82
March	1,287 99	7,176 63	2,409 37
April	1,069 01	7,589 72	2,452 24
May	988 83	6,685 93	2,642 37
June	856 61	6,389 19	2,483 27
July	1,072 13	6,826 96	2,615 92
August	912 60	6,905 03	2,614 74
September	1,423 36	7,512 02	2,358 83
October	769 30	7,078 74	2,623 95
November	1,367 64	6,281 16	2,589 69
December	822 34	6,246 22	2,766 87
	<hr/>	<hr/>	<hr/>
	\$12,442 23	\$81,907 06	\$30,528 18
	<hr/>	<hr/>	<hr/>

1899.	Insurance.	Fuel.	Repairs.
January	\$500 76	\$611 35	\$3,683 49
February	500 76	453 18	2,971 10
March	500 76	748 26	3,488 34
April	500 76	525 70	4,475 69
May	515 56	496 83	4,664 33
June	431 11	500 77	5,767 81
July	455 16	478 07	5,429 54
August	455 16	432 44	7,020 56
September	431 11	484 72	4,905 22
October	431 11	499 47	4,106 52
November	431 11	633 83	4,767 40
December	431 11	657 84	3,715 00
	<hr/>	<hr/>	<hr/>
	\$5,584 47	\$6,522 46	\$54,995 00
	<hr/>	<hr/>	<hr/>

1899	Collisions and damages.	Total.
January . . . . .	.....	\$44,776 41
February	\$5 00	40,242 45
March	33 55	46,075 33
April	27 00	45,746 85
May	463 53	46,991 16
June	103 10	45,048 46
July	25 00	43,111 91
August	5 00	45,718 01
September	2 12	43,658 01
October	36 62	44,418 72
November . . . . .	.....	44,018 97
December	50 10	44,971 80
	\$751 02	*\$534,778 08

EXHIBIT No. 4 OF DECEMBER 23, 1899.

Merchandise.

1899.	Tonnage.	Office and incidentals.	Loading.
January	64,882	\$1,699 06	\$10,044 90
February	49,354	1,705 19	4,936 14
March	66,355	1,747 28	6,447 70
April	59,828	1,793 34	5,839 33
May	61,439	1,773 47	5,509 73
June	56,125	1,771 06	5,479 93
July	59,157	1,791 05	5,911 04
August	70,135	1,782 31	6,597 50
	487,275	\$14,062 76	\$50,766 27

* 82.23 cents per ton.

1899	Unloading.	Manning	Charter.
January	\$4,235 35	\$11,819 93	\$5,169 19
February	3,089 34	11,958 58	6,013 71
March	4,297 19	12,406 12	5,305 98
April	3,638 14	10,957 28	4,960 66
May	3,333 60	11,278 36	4,880 64
June	3,764 41	11,444 25	4,819 25
July	3,728 69	12,357 44	5,436 95
August	4,256 18	12,108 18	5,853 39
	<hr/>	<hr/>	<hr/>
	\$30,342 90	\$94,330 14	\$42,439 77
	<hr/>	<hr/>	<hr/>

1899.	Wharfage.	Towing.	Watching.
January	\$1,441 72	\$7,741 92	\$3,103 26
February	1,168 89	6,891 76	3,296 16
March	1,571 91	6,506 11	3,374 74
April	1,372 16	6,980 72	2,785 14
May	1,393 41	7,396 08	3,002 79
June	1,315 11	7,020 36	2,909 60
July	1,316 85	6,817 81	3,225 95
August	993 90	7,158 00	3,251 48
	<hr/>	<hr/>	<hr/>
	\$10,573 95	\$56,512 76	\$24,949 12
	<hr/>	<hr/>	<hr/>

1899.	In-urance.	Fuel.	Repairs.
January	\$446 34	\$529 52	\$3,718 22
February	462 99	618 04	6,045 18
March	462 99	561 49	2,136 58
April	462 99	521 51	3,011 83
May	462 99	501 17	6,351 27
June	468 89	488 76	2,739 90
July	459 65	559 64	7,369 53
August	470 00	342 10	5,974 03
	<hr/>	<hr/>	<hr/>
	\$3,696 84	\$4,122 33	\$37,346 54
	<hr/>	<hr/>	<hr/>

1899.	Damage and collision.	Total.
January	\$31 11	\$49,980 62
February	41 26	46,227 24
March	1 62	44,819 71
April . . . . .	.....	42,323 10
May	27 06	45,910 57
June	36 95	42,258 47
July	16 08	48,990 68
August	73 53	48,860 60
	<hr/>	<hr/>
	\$227 61	*\$369,370 99
	<hr/>	<hr/>

NEW YORK, *October* 24, 1899.

A hearing of the New York Commerce Commission was this day held in the rooms of the arbitration committee at the New York Produce Exchange, New York city, 1.30 p. m.

Present: Hon Charles A. Schieren, chairman, and Hon. Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

FRANK G. OSBORNE (recalled).

FRANK G. OSBORNE, who had previously been sworn, appeared and stated that he desired to make a statement in addition to the testimony given by him on October 23d. He said: The statement that I put in, showing the cost of lighterage, does not include a very proper charge that should be added to it, namely, interest on the value and cost of our floating equipment that is used in the lighterage service. The floating equipment that we have, directly of our own property, I have estimated as being worth four hundred thousand dollars. The proper interest charge would be for you gentlemen to decide.

By Commissioner Smith:

Q. You value your property at four hundred thousand dollars?

A. Yes, sir.

By the Chairman:

Q. Do you include wear and tear also? A. No, sir; I do not think it would be proper for the reason that we keep our equipment up, from that standpoint, by the repair account.

By Commissioner Smith:

Q. You keep it in a constant state of efficiency? A. Yes, sir.

By Mr. Fairchild:

Q. Is there any other statement you want to make? A. No, sir.

RICHARD D. RICKARD (recalled).

RICHARD D. RICKARD, recalled, testified as follows:

By Mr. Fairchild:

Q. Have you produced here the statement of tonnage through the Weehawken terminal for the six months ending September 30, 1899? A. I have produced a statement of that portion of it which was floated or lightered.

Q. And this is the statement, is it, that I now hand to you? A. Yes, sir.

Q. It was taken from your books? A. Yes, sir.

Q. And those figures are correct? A. They are.

(Offered and received in evidence and marked Exhibit No. 1 of October 24, 1899.)

EXHIBIT NO. 1 OF OCTOBER 24, 1899.

Statement of tonnage handled through Weehawken terminal for six months ended September 30, 1899.

	Tons.
Pier 23, North River, floated in cars to and from Weehawken	27,853
Thirty-third street, North River, floated in cars to and from Weehawken	8,678
Williamsburg, floated and lightered to and from Weehawken	27,365
Pier 5, East River, lightered to and from Weehawken..	2,757
Weehawken, floated and lightered to and from points other than above.....	31,622

EDWARD V. W. ROSSITER.

E. V. W. ROSSITER, being duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. Edward V. W. Rossiter.

By Mr. Fairchild:

Q. Your residence, Mr. Rossiter? A. Flushing.

Q. What is your business? A. Treasurer, New York Central Railroad Company.

Q. How long have you been treasurer of the New York Central Railroad Company? A. Since 1886 or 1887.

Q. Had you occupied any other position with the New York Central Railroad Company prior to becoming the treasurer? A. Yes, sir; assistant treasurer.

Q. For how long a time had you been in the railroad business prior to your becoming treasurer of the New York Central Railroad Company? A. Prior to becoming treasurer of the New York Central Railroad Company?

Q. Yes, sir; or I will say: For how long a time have you been engaged in the railroad business? A. About forty years and one or two months.

Q. Will you state what positions you have held and with what railroads up to the time of your becoming treasurer of the New York Central Railroad Company? A. Well, you mean by that to give a history of my life from the beginning?

Q. No; very briefly. A. Well I have been secretary and treasurer of various lines that are affiliated with the New York Central Railroad Company, lines that are owned and leased by that company.

Q. During all those forty years? A. During that period; yes.

Q. Are you a director of the New York Central Railroad Company? A. No, sir.

Q. Are you an officer in any other corporation that is owned or controlled by the New York Central Railroad Company? A. Yes, sir.

Q. What other corporation or corporations? A. Well, if I had a New York Central report here I could tell you.

Q. So many as all that? A. Yes, sir; a large number of them, of the leased and owned lines.

Q. You are treasurer of all the leased railroad lines of the New York Central Railroad Company, are you? A. All but one or two.

Q. All the other lines that are owned by the New York Central Railroad Company; I mean all the other railroad lines? A. Pretty much all.

Q. What other corporation, other than the railroad corporations owned or leased by the New York Central Railroad Company, other than railroad corporations, are you an officer in? A. What other lines?

Q. What other corporations other than railroad corporations owned or controlled by the New York Central Railroad? A. There is a lake line.

Q. That is the Western Transit Company? A. Yes, sir.

By Commissioner Smith:

Q. Are you the treasurer of that company? A. Yes, sir.

By Mr. Fairchild:

Q. Are you a director of that company? A. I do not think I am a director of the Western Transit Company.

Q. What other corporation or corporations? A. One or more coal companies.

Q. You mean companies owning coal mines? A. Yes, sir.

Q. What companies are those? The Clearfield Company and another which I have forgotten the name of. One or two small coal companies.

Q. You are treasurer of those coal companies? A. No, sir.

Q. What is your position in those companies? A. Director.

Q. What other corporation? A. I do not know of any other.

Q. Other than the railroad lines, the Western Transit Company and the two coal companies, there are no other corporations owned or controlled by the New York Central Railroad Company

that you are an officer in? A. To the best of my knowledge, yes, sir. I do not remember any others.

Q. Do you know of any other corporation, other than railroad corporations, and those you have named, that are owned or controlled by the New York Central Railroad Company? A. I do not recall any at the moment.

Q. Would you say there were not any others? A. I do not think there are.

Q. The Western Transit Company is a corporation under the laws of what State? A. New York.

Q. What is the capitalization? A. A million dollars.

Q. All owned by the New York Central Railroad Company? A. Yes, sir.

Q. Does the New York Central Railroad Company own all the mileage between New York and Albany, all the tracks over which the cars of the New York Central Railroad Company run? A. Yes, sir.

Q. Does the New York Central Railroad Company, the corporation, own the bridge at Albany? A. The bridge at Albany was erected by the Hudson River Bridge Company, many years ago, and it stands as a separate asset in our accounts, owned by the New York Central Railroad Company and the Boston and Albany.

Q. Owned by the New York Central as a corporation? A. The New York Central and Hudson River Railroad Company.

Q. And the Boston and Albany? A. Yes, sir.

Q. And there is no other ownership in the Albany bridge? A. No, sir.

Q. Is there any trackage used by the New York Central railroad in the vicinity of Spuyten Duyvil that is not owned by the New York Central railroad as a corporation? A. The New York Central Railroad Company does not own the road between the junction of what is known as Mott Haven and the Hudson river; that is owned by the Spuyten Duyvil and Port Morris Railroad Company. The road is under lease to the New York Central and when I say that the road from New York to Albany is all owned by the Central, it is owned by the Central on the west side of the city, not out of the Grand Central depot.

Q. Nor that connection to which you referred, between the Harlem railroad tracks and the Hudson River tracks? A. No, sir; that is owned by the Spuyten Duyvil and Port Morris Company.

Q. Does the New York Central Railroad Company own a majority of the stock of the Spuyten Duyvil and Port Morris Railroad Company? A. It does not.

Q. Will you state who the principal owners of the stock of that company are? A. Is that a matter pertinent to your inquiry here that I should answer.

Q. I think it is; yes, sir. I think that every matter that enters into the cost of traffic to New York is a part of this inquiry. If the New York Central Railroad Company does not own its own right of way into New York it seems to me that it is pertinent to this inquiry to know who does own that right of way, what the interests are and how much the New York Central Railroad Company is required to pay for the use of that right of way. A. I will give you that cheerfully, without giving the names of the owners of the property. I do not know whether you should ask the ownership of the property any more than you would the owners of the New York Central property, the New York and Harlem property.

Q. Will you state whether there are many stockholders of that company? A. Several.

Q. You may now state what the New York Central Railroad Company pays for the lease of that line? A. Seventy-nine thousand dollars.

By Commissioner Smith:

Q. That is for a year? A. Yes, sir.

By Mr. Fairchild:

Q. Are all of the stockholders of that corporation, who own the tracks through Spuyten Duyvil, stockholders of the New York Central Railroad Company? A. Well, I would have to look to see. I think so.

By the Chairman:

Q. Do you carry freight over that part of the road? A. Very little.

Q. Your principal freight comes from the other direction? A. Yes, sir; on the west side, on the bank of the river.

By Mr. Fairchild:

Q. What freight do you carry over that line? A. Well, I am not sufficiently familiar with the traffic end of the business to tell you, but it is very light.

Q. Don't you carry freight over the line to connect with the New Haven terminals at the Harlem river? A. Not to any great extent.

Q. I suppose you also carry freight over that line for local deliveries in the borough of the Bronx and that section of New York? A. I cannot give you that information, sir. I do not know to what extent freight is run over that line but I know it is in very limited quantities and amounts.

Q. Who are the officers of that railway? A. Mr. Cornelius Vanderbilt was the president. I think that I am the secretary and treasurer, but I am not sure.

Q. Now, is it not a fact that the Vanderbilt family owns practically all the stock of that railroad company? A. Is it necessary for me to answer that question, sir?

Mr. Fairchild.—I feel it my duty to ask the question; it is for the Commission to say whether you shall answer or not.

The Chairman.—I do not think it is necessary that you should answer that question.

Commissioner Smith.—I think it is pertinent to this inquiry to know whether the officers or directors of the New York Central Railroad Company are interested in and control subsidiary companies tributary to that railroad. I think it is very pertinent to this inquiry, and I hope, Mr. Rossiter, that you will answer the question.

Mr. Rossiter.—If the chairman upholds me, I shall have to ask to be excused.

The Chairman.—I thought you declined to state who the officers of the company were.

Mr. Rossiter.—I gave the names of the officers. I merely refuse to disclose private matters, unless you insist upon it.

The Chairman.—I fail to see that there is any harm in knowing who are in control of the road and I fail to see why you could not answer that question. The Vanderbilts are in control of all the railroads.

Commissioner Smith.—Will you state the reason why you object to answering the question?

Mr. Rossiter.—It is, in a measure, disclosing private matters.

Commissioner Smith.—Isn't the railroad duly incorporated under the laws of this State?

Mr. Rossiter.—It is under lease to the New York Central Railroad Company.

By Mr. Fairchild:

Q. Do you think there is any secret as to who the stockholders are of New York railroad corporations incorporated under the laws of the State of New York? A. I think, as a general thing, the people who own stocks, and own property, hesitate to have publicity made of their holdings and the amount of them, everywhere, not only in railroad corporations but in banking corporations, and everywhere else.

Q. I want to say that I think it is very difficult to get down to the facts regarding the situation, as to the New York Central Railroad Company for instance, without knowing, just as Commissioner Smith suggests, if there are any subsidiary companies, what they are and the extent to which they enter into the question of the traffic of the New York Central Railroad Company, and if they are subsidiary companies of the New York Central Railroad Company, or of the parties who control the New York Central Railroad Company, that that ought to be known. A. I gave you the amount of the rental that was paid. I do not see what difference it makes whether it was paid to one man or another. It is a money question that enters into it. Individual matters are not important, are they?

Q. I understand you then to object to answering my question as to whether the Vanderbilt family does not own practically all the stock of that railway line that goes through Spuyten Duyvil?

A. I object, unless the chairman insists upon having an answer.

The Chairman.—You will please to answer that question.

A. Then I will answer it "yes."

Q. Now, I will ask you whether there are any other subsidiary corporations entering into the total trackage over which the business of the New York Central Railroad Company is done or any subsidiary ownerships to which the New York Central Railroad Company makes payments? A. Yes, sir.

Q. Will you name them? A. There is the Troy and Greenbush road, running between Albany and Troy.

Q. Who is that owned by? A. I do not know. That is one of the companies I am not secretary and treasurer of.

Q. Is that under lease to the New York Central Railroad Company? A. Yes, sir.

Q. And the road runs between what places? A. Between Albany and Troy. Then there are several roads of the Pennsylvania division, the Fall Brook, the Pine Creek, and the Syracuse, Geneva and Corning. Payments are made to all of them.

Q. Are there any such subsidiary corporations that enter into the through line between Buffalo and New York? A. I do not remember that there are.

Q. How long has the New York Central Railroad Company been the owner, in part interest, in the Albany bridge; ever since its construction? A. Yes, sir.

Q. And during all of that time a joint owner with the Boston and Albany? A. Yes, sir.

Q. The Grand Central station is owned by the New York and Harlem Railroad Company, is it not? A. Yes, sir.

Q. There is no freight that comes into the Grand Central station to any extent, is there? A. Not into the station proper. On the east side there is a freight depot into which some freight is run. I do not know just how much.

Q. Could Mr. Pollock state; would he be able to know? A. I think he could.

Mr. Pollock —There is practically no freight coming down there. The bulk of the freight comes down on the west side of the city. That old freight station up there at Forty-seventh street has been abandoned long ago. There is a little milk comes in from Harlem division, but there is no freight coming down south of the Harlem river.

Q. Nothing but milk?

Mr. Pollock—No, sir.

Q. Isn't there a large amount of package freight, for local delivery, that comes in there?

Mr. Pollock—No, sir.

Q. Isn't there an Adams Express station there?

Mr. Pollock—There is Adams Express there that comes in over the New York, New Haven and Hartford Railroad. There is absolutely, you can say, no freight business done south of the Harlem river on that part of the railroad.

Q. Mr. Rossiter, do you recall what endeavors, if any, have been made by the New York Central Railroad Company, in past years, to secure an abolishment of what is known as the differential against New York and in favor of Baltimore and Philadelphia? A. No, sir; I could not give you that.

Q. Do you know that there have been such endeavors made? A. Well, it has been entirely out of my line. I never have given it close attention, other than hearing the talk in and about the offices.

Q. What is your understanding of the position of the New York Central Railroad Company regarding the differentials; does the New York Central favor them or feel in opposition to them? A. That is another matter that is entirely out of my line. I would not like to express an opinion.

Q. Have you no understanding on that subject? A. None that I would care to air in public.

Q. What is your own opinion of the differentials? A. I prefer to be excused from giving an opinion. Mr. Guilford is the man that has that matter entirely in charge, with Mr. Callo-way.

By the Chairman:

Q. Mr. Guilford? A. Yes, sir; the traffic manager of the line.

By Mr. Fairchild:

Q. Does the New York Central Railroad Company receive all of the income derived from sending freight over what is known as the canal line of the Western Transit Company? A. We own no canal boats to get an income from.

Q. Don't you know that there is a canal line controlled by the Western Transit Company that charters canal boats for west-bound freight? A. No sir.

Q. You do not know that? A. No sir.

By Commissioner Smith:

Q. Do you know Mr. Edwin Douglass, Jr.? A. I know of him; yes, sir, I know him.

Q. Isn't he paid by you for the work that he does; doesn't his pay go through your hands? A. I think so; yes, sir.

Q. Don't you know that he is the New York manager of the lake line belonging to the New York Central Railroad Company? A. He is the agent of the Western Transit Company here in New York.

Q. And don't you know that part of his business is to solicit freight for these canal boats or obtain freight for these canal boats? A. I know it is part of his business to get freight for his lake line.

Q. Some of which he sends by rail and some by canal? A. I think so.

Q. And the profits derived from the canal boats, don't they come to you? A. To the Western Transit Company.

Q. And through them to you? A. Yes, sir.

By Mr. Fairchild:

Q. I want to say as to the subject of differentials that I understand it to be the position of the New York Central Railroad Company that those differentials are unjust and should not be

maintained, and I consider that if that be so, it is important to put it on the record of the Commission; we desire to know just what the position of the several railroads, of what are known as New York railroads particularly, is upon that subject of differentials. As an officer who has been for so many years an officer of the New York Central Railroad Company, I should like to ask, now, your opinion as to whether there is any proper reason for the existence of the differential of three cents in favor of Baltimore and the differential of two cents in favor of Philadelphia, as arranged by what is known as the differential agreement? A. Mr. Fairchild, any opinion that I would give in that direction would be a personal opinion. I hesitate to express any official opinion, for it is not in my line at all. The lines of the different departments of the New York Central Railroad Company are very sharply drawn. Mine is entirely the financial end. This is something I have nothing to do with, and I would very much prefer that Mr. Calloway be the spokesman, or Mr. Guilford, or Mr. Hayden, the vice-president, rather than I, as they know all about the matter. They make the agreements, whatever they are. I am never brought into consultation on those points. Naturally, you can see that I might say something that did not agree or tally with their ideas.

Q. For the same reason would you feel a reluctance to giving your opinion, not as an official of the New York Central Railroad Company, but as a man who has been for so many years connected with the railroad business, and, therefore, having a sound, expert judgment on the subject? A. I hardly feel that I have an expert judgment on the subject.

Q. You would feel a reluctance to giving your opinion as an individual? A. Not unless I took the matter up and studied it.

By Commissioner Smith:

Q. You do not feel familiar enough with it to express judgment? A. I do not except in a general way, and there I naturally hesitate to air my views.

Q. Does the New York Central Railroad Company own all the stock of the Western Transit Company? A. It does, sir.

HENRY H. KINGSTON.

HENRY H. KINGSTON, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. Henry H. Kingston.

Q. You reside where? A. 319 West Eighty-second street, New York city.

Q. What is your business? A. General traffic manager of the Lehigh Valley Railroad Company.

Q. For how long a time have you occupied that position? A. I have been connected with the Lehigh Valley Railroad six years, and have had that position nearly all the time.

Q. Will you explain in detail the manner in which the Lehigh Valley Railroad Company secures lighterage service at this port? A. When you speak of lighterage, I suppose you mean the entire harbor service of handling freight that we transport.

Q. Whether by lighter or by float or otherwise. A. The great bulk of our freight which is handled in New York harbor is handled under contract by the New York Lighterage and Transportation Company. That company makes deliveries to and from our city piers and to and from what might be termed private lighterage points around the harbor, not railroad piers but private or city piers, or wherever the consignee may want to receive or ship his business. They also handle all our grain and coal. The grain and coal is handled at Perth Amboy. All miscellaneous freight and live stock is handled to and from Jersey City. In addition to this, whatever miscellaneous freight and local track delivery grain is sent to or taken from what is known as Palmer's dock on the East River.

Q. That is at Williamsburgh? A. On the Brooklyn side of the East River, Williamsburgh. It is handled to and from that point and Jersey City by Mr. Lowell M. Palmer, who, so far as I know,

owns his water front and his terminals at Williamsburgh. That is handled, not exactly under contract but under agreement, whereby he performs both the harbor service and the terminal service at Williamsburgh, loading and unloading cars, way-billing and receiving freight, collecting money and other general conditions incident to terminal service. The same condition exists at what is known as the Brooklyn Wharf and Warehouse Company's plant; that is in lower Brooklyn. I am not a native of New York and I am not familiar with these localities by name. There the water service and the terminal service is performed under agreement, not exactly by contract, by the Brooklyn Wharf and Warehouse Company, with their water facilities and terminal facilities.

Q. That is, they perform the lighterage service as well as give you the advantage of the terminals? A. In no case is it what is known as lighterage; it is what is known as floatage, because it is floated on floats. It is not lightered, as we distinguish lightering from floating. Another case is the business we handle to and from what is known as the Harlem river, by river men, which is the freight terminus of the New Haven Railroad, the New York, New Haven and Hartford Railroad Company. They also send their own floats to and from our Jersey City terminal, taking and delivering freight, performing the harbor service and the terminal service at the Harlem river.

Q. Then the service that the Brooklyn Wharf and Warehouse Company performs for you is freight that is destined for local consumption in Brooklyn within the radius that would be fed by that locality where their storage warehouses are? A. Yes, sir; together with the import or export freight coming from or going to vessels which might dock there.

Q. What do you pay them for that service? A. Four and one-fifth cents per 100 pounds.

Q. That includes the total service, the lighterage and the use of the terminals? A. Yes, sir.

Q. And what would be your estimate, basing it upon the cost of the service, of the proportion of that four and one-fifth cents, or eighty-four cents a ton, that would be applied to the lighterage

service exclusively and what would be applied for the use of terminals and all the other service performed by them in connection with those terminals? A. In a private way I would not mind discussing that subject with you, but it would be a wild opinion on my part to say what part of their compensation went toward their water service, and what part toward their terminal service.

Q. I understand from your answer that you pay them eighty-four cents a ton for their whole service? A. That is right.

Q. Now I am asking you for your estimate as a man familiar with the business, as to about how you would divide that, based upon the cost of the service? A. That would be merely a guess on my part. I am not an operating man.

Q. I understand that it would be no more than an estimate, with the experience as traffic manager you have had in connection with a trunk line. A. You understand, Mr. Fairchild, I am willing to make a guess, but it must be considered that I am not familiar with the cost of harbor service. I have never worked in the harbor to know what it costs to buy a float, or a tug, or man a tug or anything of that sort. It would be a poor guess as to how that eighty-four cents would be divided, consequently I doubt whether my opinion would bring you very much light.

Q. I assume that the Brooklyn Wharf and Warehouse Company, that is, in their bookkeeping, make no attempt to divide it? A. I do not think they do.

Q. I am not attempting to ascertain anything of that kind, or to suggest anything of the kind exists, but I only want your estimate or opinion, based upon your knowledge of the service, as performed. If you wanted to divide it, or wanted to enter into an arrangement with the Brooklyn Wharf and Warehouse Company to divide it, what, in your opinion, would be a fair division? A. I think if you would put your question the other way I might make a better guess. I mean if you would ask me as to the land service.

By Commissioner Smith:

Q. Do you make this agreement with them; do you execute the agreement with the lighterage company? A. No; I did not.

By Mr. Fairchild:

Q. There is a written, executed agreement? A. Yes, sir.

By Commissioner Smith:

Q. When that was done, inasmuch as you only receive sixty cents a ton for lighterage, wasn't any understanding arrived at between the contracting companies as to how much more than the bare lighterage they deserved for the other service? A. No; I do not think that was discussed. I had all to do with the contract with the Brooklyn company, and our company, I suppose, was familiar with what led up to it and whether those charges were proper.

By Mr. Fairchild:

Q. As to the freight that goes to the Brooklyn Wharf and Warehouse Company's terminals, your railroad company is saved, as to that freight, all the expense of handling at the terminals, outside of the lighterage? A. Yes, sir; there is the risk of the non-collection of freight and everything of that kind.

Q. Therefore, you are paying for all that, the cost of handling at the terminals and the cost of maintaining the terminals would enter into it? A. Yes, sir; and the original cost of the terminals.

Q. You are thereby saved, to that extent, from having terminals of your own in that section, and all of that would be exclusive of lighterage? A. Yes, sir.

Q. I merely want to get your opinion. A. You might put the question as to how that figure of four and one-fifth cents was arrived at.

Q. If you are able to answer, I will ask that question. A. We pay them four and one-fifth cents, because that is the same amount paid to Palmer. Palmer was in business before they were and did practically the same business.

By Commissioner Smith:

Q. Does Palmer get it because the Brooklyn Wharf and Warehouse Company gets it? A. No; Palmer was in business first and had his terminals there before the warehouses were built.

By Mr. Fairchild:

Q. I was going to ask you as to Palmer's dock, the same question that I did with reference to the Brooklyn Wharf and Warehouse Company, as to what proportion of the amount paid to them was for lighterage, and what for use of terminals and all other services? A. I should think the charge would be divided about half and half between water and terminal facilities.

Q. That would be your opinion? A. Yes, sir.

Q. Do all the other railroads secure the same service from the Brooklyn Wharf and Warehouse Company? A. Not all of them, but substantially all of them.

Q. What roads do not? A. Only two roads, I think; the Pennsylvania and the Delaware, Lackawanna and Western. I do not think they run to the Brooklyn Wharf and Warehouse Company terminals.

Q. The Pennsylvania does not because they do all of their own lighterage? A. They have a piece of ground right in that same territory and do their own work there.

Q. And the Delaware, Lackawanna and Western does not go there because their work is performed by Starin? A. Yes, sir; and I have always understood that Mr. Starin would object to that water service being done by the Brooklyn Wharf and Warehouse Company.

Q. Or by any one other than himself? A. Yes, sir.

Q. How did you secure that service prior to the existence of the Brooklyn Wharf and Warehouse Company? A. There was no such service at that time. There was nothing but ordinary lighter deliveries in that vicinity until the Brooklyn Wharf and Warehouse Company gathered up all those warehouses in Brooklyn, built tracks and created terminals. That part of Brooklyn was served by ordinary lighters.

By Commissioner Smith:

Q. It was the construction of railroad tracks that enabled you to do business by floats? A. That is right. They put in tracks and built warehouses and grain elevators.

Q. The New York Lighterage Company did the business prior to that? A. Yes, sir; in the shape of lightering, but not floating.

By Mr. Fairchild:

Q. Now the service of Mr. Palmer, at Palmer's docks, relates exclusively to freight for local distribution in Brooklyn?

A. Yes, sir. I do not think there is any export or import freight handled there.

Q. You pay Palmer the same rate? A. Yes, sir.

Q. And for the same service, including use of terminals, as well as lighterage service? A. Yes, sir; it includes both. The service is not exactly the same because it is a longer haul to his place and I presume his water expense is a little greater than the expense of the Brooklyn Wharf and Warehouse Company. I would not want to guess how much more.

Q. What other railroads secure that service from Palmer? A. At the Palmer docks all the trunk lines run, to the best of my knowledge and belief, with the exception of the Pennsylvania railroad and the Delaware, Lackawanna and Western, both for the same reason that they do not run to the other place. The Pennsylvania has an individual terminal alongside Palmer's docks and the Lackawanna will not allow Palmer to do their freight work, as I understand it.

Q. Now the lighterage service and terminal service performed by the New Haven railroad; for what class of freight is that service performed? A. They handle all kinds of freight at the Harlem River and practically for all the roads, including the Pennsylvania and the Delaware, Lackawanna and Western, but I rather think excluding the New York Central. Possibly, also, excluding now, although not originally, the Erie, possibly the Baltimore and Ohio and possibly the Central Railroad of New Jersey, who have lately availed themselves of another terminal in that vicinity, at the Harlem River; I have forgotten the name of the terminal.

Q. Is that exclusively for the delivery of freight for local delivery in the borough of the Bronx? A. Yes, sir; entirely.

Q. What do you pay the New Haven railroad for that service?

A. That amount varies because it is not a fixed harbor service. It is, in all cases, a prorate of a joint rate. Their harbor service and their terminal combined are construed as representing a certain number of miles and those miles draw in the prorate together with the miles on the other side of Jersey City; consequently the amount would vary in accordance with the rate and in accordance with the distance. If we haul a shipment 200 miles on our road, this service between Jersey City and the Harlem River draws for, say, sixty miles; they would get sixty-two hundredths of the revenue.

Q. It is always figured on a basis as if the service of the New Haven railroad equalled sixty miles of rail? A. I rather think so, but I would not say positively about that. I have not refreshed my memory. I am sure, in some cases, they would not be willing to take as little as sixty miles. In other words, if freight came a very long distance, their share, represented by sixty miles, might be too small to cover the expense. I think from different territories it will vary but, say, within two hundred miles, sixty miles would about represent what they draw.

By Commissioner Smith:

Q. Is it, in all cases, represented by the supposed distance by rail? A. Yes, sir.

By Mr. Fairchild:

Q. Then I understand you that, with the exception of this freight that is delivered to the Brooklyn Wharf and Warehouse Company, and the freight that is delivered to Palmer's docks, and the freight that is delivered to the New Haven Railroad Company, all the freight lightered for your company is lightered by the New York Lighterage Company? A. Yes, sir.

Q. What proportion of the total amount of freight, for which the harbor service is performed for your company, would you say was lightered by the New York Lighterage and Transportation Company, as compared to what is lightered by all the rest? A. Ninety per cent. is handled by the Lighterage company.

Q. Now what do you pay the Lighterage company for lighter-ing this freight? A. Sixty cents a ton.

Q. Is there not an exception as to steel rails and pig iron? A. I thought there was when I spoke with you the last time but, in looking up the contract, I find I am mistaken as to steel rails and all the other articles. That is sixty cents as a minimum and we pay them more for special service that has to be given, heavy articles that have to be shoveled and handled peculiarly, like scrap iron, and our contracts say that their price shall not exceed a dollar and a quarter a ton. Sixty cents is for a gross ton instead of a net ton as it ordinarily is. Instead of three cents a hundred pounds, it is three cents for 112 pounds.

Q. Now as to live stock? A. On live stock we pay them forty cents a ton.

Q. That is also gross ton? A. That is net ton, two cents a hundred.

Q. Then with the exception of live stock, for which forty cents is the minimum, and steel rails and pig iron, which run above sixty cents, and grain, it is sixty cents? A. With the exception of grain and those articles we pay sixty cents for all our lighter-age service.

Q. Can you give the total tonnage, eastbound and westbound, for which lighterage service is performed, for, say, six months, for a period of six months? A. Yes, sir; I can.

Q. And the points from which and to which it was lightered? A. I can.

Q. Will you do so? A. For the first six months of 1899—there is some detail on this statement, and if I read totals it will be sufficient, will it not?

Q. All I want is to get it on the record, and if you will read the totals you can then offer the statement as an exhibit. A. East-bound to Piers 2 and 56, North River and Forty-third street, East River, and to what I call private points in the harbor, and grain, makes a total of 567,486 tons, in addition to which there went to Palmer's dock 34,791 tons, and to the Brooklyn Wharf and Warehouse Company 5,648 tons, a grand total being the sum of those figures.

Q. Now as to westbound? A. Westbound, from Piers 2 and 56, North River, Pier 43, East River, and from the harbor, total 99,249 tons, from Palmer's dock 26,682 tons, from the Brooklyn Wharf and Warehouse Company 13,703 tons. Those two added to the ninety-nine thousand will make the total westbound. That statement does not include the Harlem river business.

Q. That is the New York and New Haven business? A. Yes, sir; it was impossible for me to get that out. I should not imagine it would amount to 5,000 tons either way in a year. The amount is small.

Q. I notice a separate item here on the statement of harbor service. Does that relate to freight that is delivered to points named by the consignee and received from points to which it is delivered by the consignee? A. That is lightered freight, as different from float freight. It goes to other than railroad stations, goes alongside steamships, private piers, wherever consignee wants it.

Q. What proportion of that would you say went alongside steamships, just an estimate, and what proportion would go to points named by the consignee for local delivery. In other words, what I want to get at is this: Of your local delivery here in New York, what percentage is delivered to points named by the consignee at their own private docks, or at other docks than your own, compared to the amount that is taken to your own freight stations and received there by the consignee? A. If you will add "steamship company" to those private deliveries, this statement would show it. If you leave it out I am afraid I can not make a guess on it.

Q. Is it not a fact that almost all of the freight that is for local delivery is taken over to your own freight stations and received by the consignee there? A. Oh, no; indeed. We have got a hundred lighters at work every day delivering this stuff around the harbor.

Q. Can you give no kind of an estimate as to what proportion of this harbor service would go to the steamship for export business? A. No; it would be hard to guess. I should imagine 40

per cent. was for export and 60 per cent. for local delivery; may be not so much for export as that.

By the Chairman:

Q. What exports principally come over your road? A. Flour and all kinds of grain products, more or less machinery, lumber; the same as every other railroad, all kinds of miscellaneous freight.

Q. Cereals more than any other? A. Yes, sir.

By Mr. Fairchild:

Q. To what extent, if any, is flour for local delivery delivered to the consignee at points other than your own freight stations?

A. Also excluding steamships in that instance?

Q. Yes, sir. A. I should imagine it would be rather small but I am not well posted. I could hardly answer that.

Q. My understanding is that it would be practically nothing?

A. I should think it would be very small. I never looked into that question, but that is my judgment.

Q. This paper, from which you have given the figures as to tonnage, is itemized by months from January to June, 1899, is it not? A. Yes, sir.

Q. They are taken from your own accounts and are correct?

A. They are not taken from accounts but from statistics in my office.

Q. They are correct? A. I presume they are correct; no reason why they should not be.

(Offered and received in evidence and marked Exhibit No. 2 of October 24, 1899.)

The Witness.—I am sorry I could not get up our coal figures for you but you did not give me enough time. If you would like to know something about coal I am willing to be questioned on that subject. Of course we handle a good deal of coal in the harbor.

Q. The coal tonnage is not included in that statement? A. No, sir.

Q. To what extent would the coal tonnage increase the tonnage there given? A. By approximately 700,000 tons.

Q. You pay the same rate for lightering? A. I think not; I think coal is handled differently. The great bulk of it that comes from Amboy is handled under some different arrangements. Any coal that we handle from Jersey City, going over to the Palmer docks, for instance, is handled on his floats and pays the same as merchandise, or going to the Brooklyn Wharf and Warehouse Company pays the same as merchandise. Going to the New Haven road it would come under our pro rate with them, and if, handled from Jersey City, as it sometimes is, to a connection with the New York Central, there would be the regular harbor charge on that. That which comes from Amboy is handled under general arrangement.

Q. With this same lighterage company? A. Yes, sir.

Q. That is the lighterage company, of which Harrison B. Moore is president. A. Yes, sir.

Q. Does the Lehigh Valley Railroad Company own any of the stock of the New York Lighterage and Transportation Company? A. I understand they are half owners.

Q. Does the New York Lighterage and Transportation Company perform service for any other railroad corporation at this port? A. No, I believe not. In fact, I know they do not by contract. I think, occasionally, if they happen to be long in equipment and another road is short on equipment, they would hire out.

Q. With that exception they are a corporation to do the lightering for the Lehigh Valley railroad? A. I think they are incorporated but that is what they practically do.

Q. How long has the Lehigh Valley Railroad Company been a stockholder in the New York Lighterage and Transportation Company; from the time of its incorporation? A. No, I think not. However I have to answer at random on that; I do not have anything to do with the accounts. I think the Lehigh Valley Railroad Company has probably been half owner in it since the New York Lighterage and Transportation Company have been

doing business and I believe that is about ten years; it was before my time.

Q. Can you state what consideration the Lehigh Valley Railroad Company paid for that stock? A. I can not; but I imagine an inventory was taken of the stock and they paid half the value, whatever it was.

By Commissioner Smith:

Q. Do you know what the capital stock of the company is? A. I do not, Mr. Smith.

By the Chairman:

Q. Is it incorporated? A. I think it is a New York State corporation, but on that I am not positive.

By Mr. Fairchild:

Q. Can you state whether the Lehigh Valley Railroad Company receives any income at all in the shape of dividends from the Lighterage Company? A. They do receive a return. I do not know whether they do every year, but the last few years they have received some return.

Q. Now, Mr. Kingston, you are familiar with the existence of a difference against New York in favor of Philadelphia of two cents, and against New York in favor of Baltimore of three cents per hundred pounds, on freight from and to western points? A. Yes, sir. If you will permit me to suggest a line of inquiry I would like to have drawn out for you gentlemen.

Q. Very glad for the suggestion. A. That is whether the three cent charge which is deducted before pro rating between the trunk lines and their western connections is sufficient to handle in the harbor here the joint business for which it was deducted.

Q. You are returning now to the lighterage question. Before we go into the differential question I shall be very glad to have you make any statement on that subject. A. My thought in brief is this: This three cent charge which is deducted from the through rate before pro rating would not be sufficient to handle the business for which it is deducted if that business had to be

handled by itself. If we did not have a great mass of other business here on which no one helps us to pay our lighterage, coming from our local points, and our grain from Buffalo, I think we would be losers all the time on that three cents. My idea is, and it is merely an idea, that roads, such as the Pennsylvania, for example, who do not have a large grain business in this harbor, or a large coal business in this harbor, can not perform that service for three cents a hundred pounds. I am satisfied that on the business we get from any one of our connections, take the Wabash railroad, for example, the three cents which we get would not cover us.

By the Chairman:

Q. What will cover it? A. I will explain why I do not think that would cover it and that is because this east-bound business, which comes from these western connections, is made up very largely of miscellaneous freight. Of course there is more or less grain to it, but the grain is the only large commodity. The others are all descriptions of freight. I think I have heard our lighterman say that our average deliveries around this harbor on lighters would only be a car and a quarter per lighter. Necessarily, with such a very light load on a lighter, which ought to take eight to ten cars, it is done at a loss.

Q. You are speaking now of lightering on floats? A. You take this miscellaneous freight that comes here to be exported or delivered around the harbor; I think our lighterman loses on every pound of lightering he does.

Q. Do you do that yourselves or do you have a contract with some one to do it for you? A. This lighterage company does it all for us.

Q. You think they lose on it? A. They lose on every pound of lightered freight which they handle. If they could only get lighter loads all the time, as they get at our piers, they could make fine money out of the three cents a hundred pounds. If they could get a boatload at three cents a hundred pounds it would be a nice business.

By Mr. Fairchild:

Q. This three cents per hundred pounds is allowed on freight that is lightered on floats as well as freight that is carried by lighters? A. Take the whole of it—all we get from our western connections—if we had to do that by ourselves we would not come out whole.

By Commissioner Smith:

Q. Some of it is not lightered or floated, is it? A. It is in our case. Not in the New York Central's case.

Q. Doesn't the consignee come and get it in some cases? A. We can not get to New York without performing the harbor service. The New York Central can get to New York without performing the harbor service.

Q. The consignee is not permitted to do the lightering? A. If he chose to do it it would be at a cost to him in addition to the rate.

Q. You would not allow him the three-cent lighterage charge? A. No sir; not because there is a profit but because no consignee will ask us to do that unless he can get eight or ten cars on a lighter going all at once to his plant or somewhere else. That business he would like to do. The next day, if he only had a car, he would sit down and let us deliver that carload; consequently we will not let him touch any.

Q. Are there any consignees with whom you do business who would like to do their own lightering? A. I think so.

Q. You do not permit them to do it? A. No, sir; because we have got to take the thick and the thin.

Q. They would take all, the thick and the thin? A. Theirs would be all thick.

By Mr. Fairchild:

Q. Isn't there another element that enters into that, and that is the moment you allow a consignee to do his own lightering and allow him anything out of that through rate, it would interfere with the traffic agreement regarding the differentials as to the

other ports? A. It might, because if we allowed one man to do his own lighterage he might go around to two or three friends who happened to be in the locality and offer them something to allow him to do their lightering in addition to his own work. In that way he would be doing lighterage very cheaply.

Q. To the extent that they would save on the lighterage service, they would be saving on the through rate, and to the extent they would be saving on the through rate it would be interfering in the rate that is agreed upon between the railroads? A. Yes, sir; and we think it would be in violation of the Interstate Commerce Act.

By Commissioner Smith:

Q. Will you tell what the other business is that the lighterage company does which enables them to get square for this business that they do at a loss, as you say? A. Yes, sir; it is principally the business to and from our piers, where the freight goes in very large quantities, all at one time.

Q. That is an ordinary lighterage service, isn't it? A. No, sir; it is a float service, because they are put on a float at Jersey City—a float that has tracks on it and carries from ten to fifteen carloads.

Q. They do the floating service for you, too? A. Yes, sir; the business at the Brooklyn Wharf and Warehouse Company and at Palmer's dock is entirely floating service.

Q. I thought the New York Lighterage and Transportation Company only did the lighterage business? A. No, sir; they do floating too.

Q. What portion of the business is floated by the Lighterage Company? A. This statement will show it. Now if you want to go on differentials, I am willing. I wanted to get on the record as to this lighterage charge.

By Mr. Fairchild:

Q. Of course, as to some classes of freight, as I understand you, the cost of lightering is greater than in other classes of

freight, and the reason that you give why the Pennsylvania Railroad Company would not make any more money on their lighterage is because of the classes of freight that they deal in that comes to this port? A. Exactly.

Q. Now, I understand that grain is one of the classes of freight on which the lighterage can be done the most cheaply? A. Simply because there is more of it on one boat. You can get a boat-load all the time.

Q. There is very little, if any, grain that comes to this port by way of the Pennsylvania Railroad? A. Practically none.

Q. Their grain goes to Philadelphia? A. Yes, sir; Philadelphia and Baltimore.

Q. You have given your opinion about the Pennsylvania; what would you say of the New York Central, that has that class of freight in large proportions coming to this port? A. Naturally the more grain they got the cheaper their total service could be done per ton.

Q. With your knowledge of the class of freight at this port handled by the Pennsylvania Railroad, you would say they could not make any money? A. That would be my opinion.

Q. With regard to the New York Central, would you say they could make a profit at three cents per hundred pounds? A. It rather works around that way, but I don't know as I would like to go on record as saying that.

Q. That is an obvious deduction, although you do not want to testify to it as a fact? A. Yes, sir.

Q. On this question of differential, for how long a period has the differential of three cents and two cents existed in favor of Baltimore and Philadelphia, respectively? A. I cannot answer; you probably know better than I do.

Q. It is about twenty years since that advisory report, is it not? A. Something like that.

Q. Can you state what the rate from Chicago to New York was about the time the Advisory commission report was made? A. No, I cannot; but I should think they were at least fifty per cent on an average higher than they are now—all the rates.

Q. All the rates at the time of the advisory report were at least fifty per cent. more than now? A. I should think they would average that much.

Q. Is it not a fact that the advisory report in favor of two cents differential in favor of Philadelphia and the three-cent differential in favor of Baltimore was based upon the principle, as stated in the report, that considering the through rate on export business there should be such a differential as to make the through rate the same to all the ports? A. That was, as I understand, the theory upon which the differentials were established, although I have not read that report for a good many years.

Q. Did not that report further suggest that while, having in view such conditions, the two-cent differential and the three-cent differential would be proper under the conditions that then existed, when those conditions changed the differential should be changed? A. Well, I can only answer that from hearing you quote that this morning. I have not read it in so long that I do not remember; I have forgotten.

Q. Assuming that to be true, if, since the report of the advisory commission, freight rates have been reduced from Chicago to New York—to the seaboard—one-half, that would result practically in doubling the differential? A. You must not quite put it that way. I stated I thought at the time those differentials were established the rates were fifty per cent. higher than they are now. It would not follow that the rates are now fifty per cent. of what they were then—they are two-thirds of what they were then.

Q. As a matter of fact are not the rates less than half of what they were then? A. It would make them now two-thirds of what they were then.

Q. To the extent that the rates have lessened, that would increase the differential over what it was at the time of the Advisory Commission report? A. Proportional to the total rate; ycs, sir.

Q. Do you consider that there is any justification under present conditions for the existence of the differential in favor of Phila-

delphia and in favor of Baltimore? A. Justification for any differential or for no differential?

Q. Both? A. On the basis that there is no differential for Boston, no increased rate to Boston, I cannot see any good theory why there should be any decreased rate for Philadelphia or Baltimore.

Q. The Erie and Western Transportation Company is the lake line of the Pennsylvania Railroad, is it not? A. It is the lake line connection of the Pennsylvania Railroad; I don't think it is owned by the Pennsylvania Railroad.

Q. The same people are interested in both, are they not? A. They are all friends; I don't know whether they are stockholders or not. It is a Pennsylvania lake connection, anyway. The Pennsylvania works exclusively with that line.

Q. Mr. Evans of that company, on the witness stand, said that he considered the differential just that existed as between New York and Philadelphia and New York and Baltimore. Mr. Guilford of the New York Central stated with equal positiveness that he considered that differential unjust. Will you state what your opinion is on that subject? A. I think, Mr. Fairchild, that they were both partly right and both partly wrong. I think, considering the shorter distance to some of the southern ports and the lesser facilities for export and import on account of the few ocean lines, the probable higher charge on the ocean, particularly from such points as Baltimore and Philadelphia, where they have the long navigation of the Chesapeake bay and the Delaware river, that some differential might be fair. I never could quite see why Baltimore had more than Philadelphia.

Q. Do I understand you that you consider the present differential unjust? A. I think the present differential too large, considering the reduced rate against which it applies. It makes the differential proportionately charge greater than it did when it was originally established.

Q. What are the rates at present? A. The grain rate to-day is about twenty cents from Chicago to New York, and I rather imagine when those differentials were established that the rate was thirty cents.

Q. How are they to Philadelphia? A. Two cents less on local grain.

Q. Formerly it was three cents, was it not? A. No; Baltimore was originally three cents and Philadelphia was originally two cents below New York, and those differentials still apply on everything except export grain. The differentials were reduced one-half on export grain.

By Mr. Fairchild:

Q. So that now the differential is a cent and a half in favor of Baltimore and a cent in favor of Philadelphia? A. Yes, sir.

By the Chairman:

Q. Do they get a rebate for export then? A. No; I think the grain is billed just at the net rate.

Q. How do they know it is for export? A. A railroad can easily tell what it does with its grain when it comes to the harbor, particularly at Baltimore and Philadelphia, where the business is handled through the elevators owned by the railroads.

Q. How is it in this harbor? A. The railroad does not surrender the grain, the railroad is always in possession of the grain, no matter whether in the Brooklyn warehouse or anywhere else; the railroad receipt is still out against it and the grain cannot be surrendered until the surrender of that receipt. That receipt is to be delivered to the storehouse with instructions to deliver that grain to so and so. If a man comes and says here is this receipt; give me a free receipt on that grain, we would raise our rate, raise our differential to three cents.

Q. Hasn't he the right to transfer it after he gets it here? A. If he paid the full local rate we would not care what he did with it. If he wanted the benefit of the export rate we would have to export it for him. We always hold possession of the grain until finally it goes somewhere, either for export or for local consumption. The grain never passes out of our possession.

Q. Why do they make that difference between export and home consumption? A. I think the southern roads were finally induced

to waive their rights under these differentials, by conceding upon export grain that the differential of two cents and three cents was larger than was necessary for them to keep up what they would consider their share of the export grain at the lower ports, and consequently they agreed that the differentials should be reduced one-half. As far as my judgment goes, that reduction of the differential one-half has not lessened proportionately the export business of the southern ports.

Q. Suppose we would take the differentials away altogether for exporting, would New York benefit by it? A. I think it would.

Q. New York would absorb all the export trade on grain? A. Not all; no, because certain localities are necessarily closer to these southern ports than to New York. I imagine that the rates leading to these southern ports would claim certain territory as being tributary to their ports, and we might get into a state, then, which might be worse than the present one; you cannot tell where you would land on that. For instance, the great southwestern corn belt might consider that that corn belonged to the southwestern ports without considering the differential at all. They would make a rate that would take it there. I don't think that arbitrarily the differential can ever be wiped out. I think it can best be overcome by a similar action as that which resulted in reducing it one-half on export grain.

By Mr. Fairchild:

Q. That reduction was the result of an agreement made between the railroads in January, 1899, was it not, that reduction on grain? A. Yes, sir; I think that was brought about at a conference before the Interstate Commerce Commission at Washington, at which the presidents of the different roads were present, and I think that then and there, under the help of the Interstate Commerce Commission, they decided it would be advisable to reduce that differential one-half on export grain.

Q. The fact was that the presidents of the different roads were requested to come before the Interstate Commerce Commission, because of the claim that they were not maintaining rates, and the position that the Interstate Commerce Commission took was

that they should maintain rates, and in the discussion that ensued from that kind of a demand, New York roads insisted that the rates, including the differentials, were too high, and that resulted in the concession on the part of the southern roads on grain of one-half of what it had been, and that agreement was made and has been carried out. A. That is my understanding of the conference; I was not present.

Q. And that is the only change that has been made in the differential agreement from the time of the report of the Advisory Commission to the present day, is it not? A. That is the only change I can recall, some little changes came about by more ports being added to the three-cent differential basis; for instance, Newport News and Norfolk.

Q. When they entered the field they received the same differential as Baltimore? A. Yes, sir.

Q. Now it has been suggested that, when rates are maintained the differential operates to its full extent and when they are not maintained the differential operates to a less extent against New York and at periods is wiped out almost altogether and that there are prolonged periods when rates were not maintained, what would be your opinion as to that suggestion? A. I never made that a study, but I rather doubt that a war of rates would materially change the relative shipment through the various ports or bring the roads nearer together than the present export differentials.

Q. When the rates are not maintained, secretly, would you call that a war of rates? A. Practically.

Q. Is that what they do call a war of rates? A. I don't know as they call that a war of rates. When they get down to war they do it openly.

Q. As a matter of fact, had not a rate war existed some time prior to January, 1899? A. I don't think I quite understand.

Q. It had been some time prior to January, 1899, since the last open rate war? A. I have been working for the Lehigh Valley for six years, and there has been no rate war in that time.

Q. But for some time prior to January, 1899, the railroads had been operating loosely in maintaining rates? A. I think they had.

Q. When there is that kind of secret cutting or not maintaining rates, would you say, that New York is benefited by it? A. I don't believe so beyond the present export differential.

Q. Would you say that when the rates are not maintained that it would be just as apt that the differential would, in effect, be increased rather than diminished? A. I don't think so; I think the relative relations would stand about the same, the railroads would be a great deal worse off, that would be the only result.

Q. You have stated that, in your opinion, the differential under present conditions is too high and discriminates undoubtedly against New York, as I understand you; how much too high, would you say, very much too high? A. I don't think I quite said that. I think I said in reply to the question you put on that subject, that I did not see why Philadelphia and Baltimore should have a differential below New York if Boston was not charged a higher rate than to New York.

Q. I understood you subsequent to that statement to say that you thought the differentials were now too high, although you would not say they could be wiped out altogether. What is your opinion, I now ask you, do you consider that the present differentials are proper and correct under present conditions. A. I think the differentials of two and three cents are too large as compared, in view of the present rates.

Q. And as much too large as the decrease in the rates, would you say since the advisory report? A. I should think they are at least one-third too large.

Q. And you would not be willing to go further than that as to your opinion? A. My opinion is that on the export differential of a cent to Philadelphia and a cent and a half to Baltimore those ports could maintain their relative position in the total export of the country.

Q. You think that opinion is sustained to a considerable extent since January, 1899, on grain, when it was cut down? A. Yes, sir, and I think that the same result would follow if flour and other grain products were put on the same basis, as well as almost all other kinds of exports.

Q. Have you any other suggestions to make, with your knowledge of the object of this inquiry? A. I don't recall anything.

Commission here adjourned until October 25th, at 11 o'clock a. m.

EXHIBIT No. 2, OF OCTOBER 24, 1899.

Lehigh Valley Railroad Company.

Miscellaneous Freight, eastbound (net tons).

New York.

1899.	To Pier 2.	Pier 56.	43d St.
January	8,158	4,654	5,685
February	6,240	3,640	5,431
March	7,134	4,265	6,393
April	7,820	3,744	5,703
May	7,070	3,706	6,918
June	6,861	3,359	6,201
Total	43,283	23,368	36,331

1899.	Harbor.	Grain.	Total.
January	25,825	82,311	126,633
February	22,014	16,936	54,261
March	33,650	55,080	106,522
April	27,284	21,602	66,153
May	28,063	57,837	103,594
June	32,623	61,277	110,321
Total	169,459	295,043	567,484

Brooklyn.

1899.	To Palmer's Dock, B'klyn.	Brooklyn W. & W. Co.	Total.
January	5,518	1,185	6,703
February	4,161	820	4,981
March	5,799	1,070	6,869
April	5,904	965	6,869
May	7,279	966	8,245
June	6,130	642	6,772
Total	34,791	5,648	40,439

Miscellaneous Freight, westbound (net tons).

From New York.

1899.	From Pier 2.	Pier 56.	43d St.	Harbor.	Total.
January	5,810	1,267	502	6,208	13,788
February	5,134	1,317	730	4,848	12,029
March	7,348	1,673	662	9,297	18,980
April	5,987	1,631	718	9,157	17,493
May	6,392	1,410	869	8,704	17,375
June	5,578	1,623	989	11,395	19,585
Total	36,249	8,921	4,470	49,609	99,249

From Brooklyn.

1899.	From Palmer's Dock, B'klyn.	Brooklyn W. & W. Co.	Total.
January	2,140	3,245	5,385
February	3,723	1,373	5,296
March	4,046	2,867	6,913
April	4,348	1,837	6,185
May	5,434	1,463	6,897
June	6,991	2,718	9,709
	26,682	13,703	40,385

NEW YORK, *October 25*, 1899.

A hearing of the New York Commerce Commission was this day held in the rooms of the arbitration committee at the New York Produce Exchange, New York city.

Present: Hon. Charles A. Schieren, chairman; C. C. Shayne, Hugh Kelly and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman called the Commission to order at 11:15 a. m., and stated that the question of lighterage would be considered.

BURNS D. CALDWELL.

B. D. CALDWELL, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. Your full name, Mr. Caldwell, is what? A. Burns D. Caldwell.

Q. Your residence? A. I am living in East Orange. Of course my business location is New York city, 26 Exchange place.

Q. What is your business? A. Traffic manager of the Delaware, Lackawanna and Western Railroad Company.

Q. How does the Delaware, Lackawanna and Western Railroad Company secure lighterage service at this port? A. Our service is through the medium of the John H. Starin Lighterage Company.

Q. Exclusively? A. Substantially, not absolutely so, for the reason that there is some lighterage which they may not be in a position to do, in the case of an emergency.

Q. Have you an agreement with them as to rates, with the Starin company as to what rates you pay for lighterage? A. We have not at present a formal agreement, but are working on an expired contract.

Q. And in accordance with the rates that were agreed upon in that contract that has expired? A. With such modifications as are made from time to time.

Q. Will you state what rates you now pay the Starin company for lighterage? A. In answering that, permit me to say that our arrangement with the Starin company includes other things than lighterage, namely, the handling of our business on both sides of the river, at Hoboken and also at New York. In other words, they are practically, in addition to doing the lighterage for us, our freight agents.

Q. As to the New York piers, they own the piers? A. Well, I cannot say definitely as to that. My impression is that in most cases the piers are owned by the city, leased by Starin and sublet to us.

Q. Do the rates that you pay include the terminals or do you control the terminals yourself under that lease? A. We control the terminals, yes, sir.

Q. So you pay a separate amount for the terminals? A. That is right. Our arrangement with Starin is for the lighterage and for the freight agency work, on both sides. You understand what that is, receiving, loading, unloading, etc., handling, billing and all that sort of thing.

Q. Does it, in any case, in any part of the harbor, include terminals that are owned or controlled by Starin and which are not paid for by you except in the rate? A. I do not think that I can answer that question definitely. I think I could safely say "No." I do not understand that any of the facilities that we use are owned by Mr. Starin, that is to say, we own our facilities on the Hoboken side, and on this side we sublet from him.

Q. You have piers of your own then in Brooklyn? A. We have one pier in Brooklyn, a very modest affair, just on the same basis, as to subletting from Mr. Starin, as our New York piers.

Q. All your freight that goes to Brooklyn goes to that pier? A. Yes, sir; at the present time.

Q. Will you give the rates that you pay to the Starin company? A. The rates that we are paying at present for lightering freight within the lighterage limits, sixty-five cents per ton.

Q. For all freight? A. Yes, sir; subject to such exceptions as I will subsequently name.

Q. Is that a gross or a net ton? A. Per net ton, I think. I am not absolutely sure of that. I think so. Excuse me just a moment and perhaps I can say. I would like to say for the benefit of the Commission that I am very new in this territory. I have only been with the Lackawanna a little while, coming here from the West, so that perhaps I cannot speak offhand about these matters.

Q. Could you state from the figures as to whether estimates are made on the basis of 2,000 pounds or not? A. I cannot say absolutely. I think it is on the basis of a net ton, but I can supply that information, if desired. For lighterage freight within the

lighterage limits, the rate is sixty-five cents per ton. That includes both the lighterage, the loading, unloading, etc.; that is to say, the terminal expense of acting as freight agent.

Q. Lightering, handling and billing? A. Yes, sir.

Q. They make the collections then and turn the amount over to you? A. That is the idea; yes, sir.

Q. Before you give the exceptions I will ask how long have you been in the railroad business? A. Well, I went into the railroad business in 1875.

Q. You have been in that business ever since? A. Yes, sir.

Q. Now, with the general knowledge that you have of the cost of handling freight, and all the other service performed by the Starin Company, as well as the cost of lightering, what would be your estimate, if you were going to divide that sixty-five cents, apportion it, one portion to lighterage and the other portion to all the other service performed; what would be your estimate as an experienced railroad man? A. Well, I would like to say, in answer to that, that that very question has been under consideration in connection with our own business and I have not yet come to a satisfactory conclusion in my own mind. As I said frankly, a moment ago, I feel with my newness in this territory, and quite recent identification with these matters, that it would be good taste in my behalf, as well as yours, not to attempt to give my opinions about those things. As a matter of fact, they are only half formed. Please understand, gentlemen, that that does not mean any lack in disposition to give you the fullest information at my command. I do not believe that my opinion would be of any value to you or do justice to myself.

By the Chairman:

Q. How long have you been here? A. Since July 1st only.

By Mr. Fairchild:

Q. You would be able, I assume, to give the cost of handling freight? A. Taking into consideration the peculiar conditions which prevail here, I do not feel that I am justified in doing that,

because I am absolutely new in this territory. My railroad relation has been in the West and I am frank to say that in the brief time I have been here I have come to the conclusion that the complications, complicated conditions, that the conditions here are much more complicated than anywhere else, certainly more so than in the interior West, where I have been located. I regard this situation here as a good deal of a problem. It is certainly so, as shown by the fact that it is being investigated. I am not sufficiently informed on it to be justified in giving my opinions. I am a student of the situation, in my own behalf, as well as in that of the company.

Q. I am directing my question, now, to what I assume to be the conditions everywhere, where cars are unloaded and loaded again.

A. I suppose that the conditions would be practically the same as to handling.

Q. Everywhere, except as to the difference possibly in the cost of labor? A. If you will allow me to continue, I can give you, I think, the information you want, as shown by the figures we are now paying Starin for handling our business where they do not perform the lighterage, which would be more satisfactory to you than my opinion.

Q. Go on and give in detail the figures you have for each item of service. A. For transferring freight, that is to say, acting as our freight agent on the other side, in receiving and unloading, we pay them fifteen cents per ton. That is, freight they do not perform the lighterage service on, and you can draw your own conclusions as to the other.

Q. Does that include everything except lightering? A. Yes, sir.

By Commissioner Kelly:

Q. They attend to the delivery, to the collection and making reports to you and returning amounts collected? A. Yes, sir; perhaps I ought to modify that statement as to collections. They do make collections as any other agent ordinarily would, with this exception, that where the arrangement of large amounts, for instance, is concerned, we have a collection department in con-

nection with our freight department, which does that collecting. It was originally done by Mr. Starin, under his arrangement, and I may say properly belongs there, but conditions arose, some years ago, with which I am not well acquainted, which led to the establishment of a separate collection agency in connection with the freight department, and, to that extent, they relieve the Starin Company from making collections, but, to all intents and purposes, the arrangement is the same as with any freight agent. Now, for the clerical force; you might say, the expense of billing and that sort of thing, where they do not do the loading and unloading, where the consignee does that, we pay them five cents per ton. I think it is fair to state that these figures, as relating to the sixty-five-cent rate, are not necessarily an indication of what should be paid for the lighterage, because I think when this arrangement was made it was taken as a whole and has been modified from time to time as a whole, so I do not believe that it would be quite the proper conclusion that the relation in these figures, as they now stand, is necessarily a correct relation to the proper compensation of one or the other. To that extent I give my opinion. Now our other rates are for transferring railroad iron, ten cents per ton. For lightering dressed beef, ten dollars per car.

Q. A car is how much? What weight is there in a car, from twenty to forty tons? What is that based upon? A. I should say that perhaps there is an average of 24,000 pounds.

By Mr. Fairchild:

Q. When you say lightering, that includes every service? A. Yes, sir; it includes every service necessary to be performed. Then we have modified the rate for lighterage of live stock to Fortieth and Sixtieth streets, five dollars per car; lightering stock, Jersey City stock yards, three dollars per car. For the lightering of live stock to Brooklyn, seventy cents per ton; transferring pig iron, twelve cents per ton; for lightering grain, in lots under three cars, sixty-five cents per ton; for lightering grain, in lots of over three cars, thirty cents per ton.

By Commissioner Kelly:

Q. For the lightering of grain, in lots of over three carloads, thirty cents per ton? A. Yes, sir; for the lightering of lumber, sixty cents per ton.

Q. When you said "transferring" of pig iron, did you mean special transferring, excluding the lighterage? A. Yes, sir; transfer means unloading from the car.

Q. The simple transferring from the car to pier or to float? A. Yes, sir.

Q. Or, in other words, unloading the car? A. Yes, sir.

By Mr. Fairchild:

Q. Are you through with those figures? A. Yes, sir.

Q. Then I understand that the Delaware, Lackawanna and Western Railroad performs no terminal service as to its own freight at this port; their cars simply come here and are turned over to Starin and all terminal service is performed by the Starin Company? A. At the present time; yes, sir.

Q. Will you state, for a period of six months, how many tons of freight have been received at this port over the Delaware, Lackawanna and Western road? A. I am sorry to say I have not got that in a form to give it to you. I understood that you would ask probably for what we paid under this arrangement for some such a period, but I did not get the figures as to the amount of freight handled.

Q. The figures you have there show the number of tons upon which you made payments? A. No, sir; it simply shows the gross amount which we paid for the work.

Q. You can furnish the amount you paid and you can then furnish the tonnage on which you paid it? A. Yes, sir; that can be done.

Q. You may furnish the amounts now. A. Permit me to ask just what is wanted in that respect—what we paid for a period of six months—is that the idea?

Q. Yes, sir; if you have a longer period I will take it; I only wanted a period of sufficient length to form a reasonable basis

for a calculation; I prefer the statement for the longer period; I suggested six months to save labor; if you have them already prepared for the two years 1898 and 1899 I will have that. A. For the period from September, 1898, to and including August, 1899, the total amount paid to John H. Stairn for lighterage and terminal service enumerated, at Hoboken and at New York and Brooklyn, was \$511,501.17.

Q. And for the previous year? A. For the previous year we paid Starin \$533,894.74.

Q. Have you any other period than that there? A. I have not, sir.

Q. Will you prepare a statement so as to be able to furnish the tonnage for the same period? A. The total tonnage for those two periods?

Q. Yes, sir; divide it up into principal items—take your principal items of freight; I would like to have the total tonnage as to those principal items and as to all others items you can bunch them together. Take grain, for instance, iron, lumber and coal. A. I will endeavor to do so.

Mr. Caldwell was thereupon excused until such time as he could produce the statement asked for.

Statement of tonnage upon which payments were made by the Delaware, Lackawanna and Western Railroad Company to the John H. Starin Lighterage Company for the year ending August 31, 1898; also for the year ending August 31, 1899:

	1898.	1899.
Rails.	789	4,262
Railroad iron	25,020	23,818
Pig iron	3,637	5,029
Live stock and dressed beef.	126,287	58,097
Lumber.	4,550	2,780
Grain.	184,001	139,902
Merchandise.	1,027,052	1,062,132
	<hr/>	<hr/>
Total.	1,371,336	1,296,020
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FRANK HARRIOT.

FRANK HARRIOT, having been first duly sworn by the chairman, testified as follows:

By the Chairman:

Q. Your name? A. Frank Harriot.

By Mr. Fairchild:

Q. What is your residence? A. New York city.

Q. And your business? A. I am freight traffic manager of the Erie road.

Q. How long have you occupied that position? A. I have been there a little over three years.

Q. Were you with the Erie road in any other position prior to that? A. No, sir.

Q. How long have you been in the railroad business? A. About twenty-four years.

Q. With what road were you prior to your coming with the Erie? A. Baltimore and Ohio.

Q. In Baltimore? A. In Baltimore and also in the west. I was in the west part of the time.

Q. For how long a time were you in Baltimore with the Baltimore and Ohio Railroad? A. Between twelve and thirteen years.

Q. Then you are familiar with the differential agreement? A. Fairly so, sir.

Q. Will you state, in your own way, the history of the agreement as it now exists and in what year it was made? A. Well, to go back to about 1876, because you have got to have some little idea of the difficulties that the railroads labored under to get anywhere near the basis. There was no agreement whatever, but a sort of tacit understanding by the western lines that differentials on grain and provisions, which in those days were the principal shipments from the west, should be ten cents less from the southwest, where the business principally originated at that time, ten cents less to Baltimore than to New York. That went along, I think, until the latter part of 1876. Then they started in to see

if they could not get what was known as an equalizing basis, based on distance, and they accorded the Baltimore road thirteen per cent. less from Chicago to Baltimore than they did from Chicago to New York, and to Philadelphia, the Pennsylvania road, ten per cent. less; that was from Chicago, but from Cincinnati the rates accorded the Baltimore and Ohio alone were twenty-four per cent less than to New York.

By Commissioner Kelly:

Q. Twenty-four per cent. lower rate to Baltimore? A. Yes, sir.

By Mr. Fairchild:

Q. At that time the differential was based entirely in percentages? A. At first it was an arbitrary ten cents, then it drifted into an equalization based on percentages. That went along until 1877, when the first agreement was made, fixing the differential at three cents. That was fixed by four roads: The New York Central, Erie, Pennsylvania and Baltimore and Ohio. That agreement was made July 1, 1877. It fixed the rates at three cents to Baltimore and two cents to Philadelphia less than it did to New York. It was a signed agreement by the presidents of those roads and was carried out until 1880, when the New York Central, under a clause of the agreement, gave notice that they would not be bound by it. That brought about the great differential war, which did not end until sometime in 1882. In January, 1882, the roads got together and elected Mr. Thurman, Mr. Fink and Mr. Washburne as a committee to settle the differentials. They returned a Scotch verdict, I think. They simply said that the present differentials, which were three cents in the case of Baltimore, and two cents in the case of Philadelphia were fair differentials. The New York Central thereupon withdrew its fighting machinery and peace was restored. That agreement is known as the Thurman award. It was the last big fight on differentials that the Trunk lines have ever had. There have been small skirmishes since that, but never carried to the extent that that war was,

when they carried traffic for so little money. That decision was accepted; the Thurman award was rendered July 20, 1882.

Q. Can you state on what basis they made their award or reached their conclusion, upon what principle? A. Well, Mr. Chairman, it is very hard work to say exactly why they made that award. They reached certain conclusions, which appeared at a distance to have had considerable to do with it. As it was a very disturbing element to fix rates, except as you might say a permanent differential, for instance, as you see before twelve per cent. or thirteen per cent. from Chicago in favor of Baltimore and twenty-four per cent. from Cincinnati in favor of Baltimore, simply meant that business was forced pretty nearly of necessity from some points to go to Baltimore. That, of course, was a large injury to New York in one way, and it was not satisfactory to New York roads, although that was based on distance. It was worked out right on the short line mileage. I imagine it was done that way. I have never worked it out. If you could only get a fixed rate—that is, a fixed differential—and if your rate from Chicago was twenty-five cents to New York or fifty cents to New York, and you knew it was; that the sixth class was three cents less to Baltimore and two cents less to Philadelphia, all you had to do when you went into a meeting to arrange for rates, was to fix what was known as the Chicago basis, and when Chicago basis was fifty cents or sixty cents or forty cents or thirty cents, you at once knew what the rates were to Baltimore and to Philadelphia, also to Boston. Therefore, this agreement, I have no doubt those gentlemen looked it over, they went into all the troubles and facts that had to do in regard to their charge of arbitraries from the different ports of the country and made up their mind that three cents to Baltimore and two cents to Philadelphia, when you take distance into account and everything of that character, was a fair settlement, and so they did not disturb the agreement practically that was agreed to in 1877; that is where a great many people get the idea that that Thurman award was made in 1877. It was a fixed arrangement with the four roads, which afterwards was withdrawn from by the New York Central.

By Commissioner Smith:

Q. Can you state what the basis of the New York Central's withdrawal was? A. They did not think it was a fair agreement for New York at that time.

Q. They thought it should be less. A. They thought the differential should be less than three cents to Baltimore.

Q. Were there any negotiations preceding the break, on that account? A. I think there were, sir. It is a good many years ago. I think there was considerable negotiation at that time and my impression is that they had a number of meetings at that time in regard to those rates.

Q. You were not a participant in those meetings? A. No, sir; I was in the west at that time.

By Commissioner Kelly:

Q. Is that the period that marked the establishment of large terminals and new steamship lines at Newport News and Baltimore? A. No, sir; Newport News has become a port within practically a very few years. Prior to the Thurman award, I will go a little further than that, say 1881, in 1881 the Baltimore and Ohio road had a steamship line running to Bremen. They had two running to Liverpool, one spasmodically and the other quite steadily, about twice a month. The Pennsylvania Railroad Company at Philadelphia had one running to Liverpool, and were just beginning to open one to Antwerp, which is now known as the Red Star line. There was not another port that had a steamship line until you got down to New Orleans. They had a very spasmodic service only in winter, so that, practically Baltimore was the most southern port that had any regularity of service at all out of the Atlantic seaboard or the Gulf, for that matter. Now, those facilities were very crude, as you may readily understand and they built up slowly. The Pennsylvania railroad, in 1883, I am pretty sure it was about that time, 1883 or 1884, started a line to Liverpool from Baltimore, and also increased their service from Philadelphia to Antwerp. That was the beginning of their service from Baltimore, which they have since increased con-

siderably. They had no good service out of Philadelphia at all. The old American line was broken up and a new line started from there. Since that they have branched out and they have got a good service from Philadelphia. On the other hand, New York always had a good service and Boston was practically next to New York for a great many years in steamship service. We did not know any such thing as Pensacola, or Newport News, or Galveston or Port Arthur. Now, you understand, we meet a perfect line of ports, commencing at Galveston and running right around. After you leave Port Arthur you reach New Orleans. From New Orleans to Mobile, Mobile to Pensacola, Pensacola to Brunswick. Brunswick is doing good business now. Then you go farther north and you have got the Norfolk and Western at Norfolk and the Chesapeake and Ohio at Newport News. That whole southern territory is tapped and naturally it pulls away traffic that is tributary to it. Formerly if a man wanted to ship, he either shipped in cotton boats or he shipped his traffic north to the Atlantic ports. To-day he can get pretty nearly as good service from New Orleans as he can from New York.

Q. In other words business is following the lines of least resistance? A. Yes, sir. It just takes a line and follows around the coast, based on mileage and where we have to run up against traffic which is 800 miles from Port Arthur or Galveston, with our friends of the Pittsburgh and Gulf close at hand, we simply cannot bring that freight to New York, Baltimore or anywhere else.

By Mr. Fairchild:

Q. You were speaking of the principle upon which that award was made. Is it not a fact that that award considered three principles upon which it might be made: the distance principle, the cost principle and the competitive principle? A. I think the whole three were taken into consideration.

Q. Don't you remember that they specifically discarded the distance principle? A. I could not answer that question, it was a peculiar arbitration. No one was allowed to file a brief in that

arbitration, as I understand it. I was not there. I have understood since that no briefs were filed in that arbitration. It was simply this, that Albert Fink, being a railroad statistician, and being well acquainted with the whole of the deal, got such reports and all such things as would constitute the case and laid it before the arbitrators. Now, the rule in arbitration in railroad-ing is that each side puts in its argument in a brief, but I understand that there were no briefs filed in that arbitration.

Q. There were arguments presented? A. It may be. I understood it was to be presented without argument.

Q. This pamphlet that you have produced here is the report, to which you refer, is it not? A. Yes, sir.

Mr. Fairchild—Let me read from the record, first from page 12 of the report:

“Three different principles, however, were suggested by different parties, as those which should control, and these found advocates in different localities, according as, it was thought, those localities would be favored by their operation respectively. These three principles may be designated respectively: the distance principle, the cost principle, and the competitive principle. It is, however, proper to say that those who advocated the first and the second of these principles generally agreed that the third should not be discarded; but that it had its legitimate place, and must have its legitimate influence also. Brief notice will be taken of those three principles respectively.”

Then the report, after discussing, first the distance principle and the arguments pro and con that were presented, reaches this conclusion, on page 15:

“The general fact now is that distance does not determine railroad charges, and that where competition is most active, it influences them the least. The distance principle does not, therefore, stand the test of competition, and so far as we can perceive, there is no possibility of establishing it except by subordinating competition altogether to it. But to do this would require an exercise of arbitrary authority which we do

not understand those who advocate the distance principle to advise or desire. We must conclude, therefore, that distance cannot supply for us the controlling principle, and that its proper influence upon transportation charges cannot be determined either arbitrarily or as a matter of antecedent computation or estimate."

Then the report discusses the cost principle, and on page 22 says:

"For all the reasons assigned, we are without reliable information by which to apply the cost principle in the regulation of charges of transportation between the Atlantic cities and the interior."

I might say, Mr. Harriot, that after quoting from the report as I have done, you may recall that the Commission based their conclusion upon the competitive principle, and making the basis the through rate for the purpose of allowing the other roads or the other ports to receive their share of the business, concluded that the three cents and the two cents was proper as the amount that appeared to make up the difference in the through rate, in competition between New York and those two ports? A. That is correct, as I said before, the distance principle did not govern; it did govern once in an equalization based on percentages, but when they got twenty-four per cent. in favor of Baltimore from Cincinnati, of course, the other places could not stand it, therefore, distance could not govern entirely.

Commissioner Smith: Does not that report suggest a reference to ocean freights being higher in the port of Philadelphia and Baltimore as an additional reason?

Mr. Fairchild: It does in detail and discusses the pros and cons, and the different arguments presented, including that very question of ocean rates.

Commissioner Smith.—Was not there a decision as to the maintenance of that differential, based on that, in part, didn't they consider that as a condition that justified the differential?

Mr. Fairchild.—They considered that as one of the elements that favored New York, and therefore, required a differential

under what they called a principle of competition to equalize the rates through all the ports. I might also read from page forty-one of the report, the conclusion:

“ CONCLUSION.

“ It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the disadvantage of either of the Atlantic seaport cities. Differential rates have come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize, as we think the relative advantages of the several seaports; and they are subordinate to the great principle that compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. We therefore cannot advise their being disturbed.

“ But we do not assume that the rates which are just to-day will be just indefinitely. They have become established by the force of circumstances, and they ought to give way if the future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly, or to give a forced or unnatural direction to trade, and whenever it shall appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify, or, perhaps, abolish them.”

By Mr. Fairchild:

Q. Mr. Harriot, at the time of that report what was the rate from Chicago to New York? A. On grain?

Q. Take grain? A. In 1882, March 13, grain rates were fixed. I suppose, for the spring and summer, at twenty-five cents.

By Commissioner Smith:

Q. In stating the names of the authors of that report you mentioned the name of Albert Fink, my recollection is that it was Mr. Cooley. I have just referred to the report and find as a fact that it was Mr. Cooley and not Mr. Fink. The report was signed by Allan G. Thurman, E. H. Washburne and Thomas M. Cooley?

A. I thought Mr. Fink served on that committee, but I accept your correction. December 1, 1882, the rate on grain went up to thirty cents. Provisions in 1882 were forty cents for the whole year.

By Mr. Fairchild:

Q. Have you the figures showing what the rates were from Chicago to New York, from 1882, for the different years down to the present time? A. Yes, sir; grain rates in 1883 stayed twenty-five and thirty cents; in 1884 they fell to twenty; January 14 they went up to thirty, fell again in March to twenty, fell again in March to fifteen. In 1885 they were twenty and twenty-five. In 1886, thirty. In 1887, twenty-five. In 1888, twenty-seven and a half; afterwards twenty-five, this fell to twenty, went back to twenty-five. In 1889 they fluctuated from twenty to twenty-five cents. In 1890 they ran from twenty-two and a half down to twenty. In 1891, twenty-two and a half cents until December, when they went to twenty-five cents. In 1892 they fluctuated between twenty and twenty-five cents. I have not got 1893 here. In 1894 I see they ran from twenty to twenty-five cents. In 1895 they fell down to fifteen cents. In 1896 they fluctuated again; they ran from fifteen to twenty cents. Since then they have run from twenty to seventeen cents, up to 1899. In 1899 the lowest rates ever made were made, that rate was twelve cents on export grain.

By Commissioner Smith:

Q. Preceding that, the lowest was in 1885? A. Yes, sir. May be I had better have a table of these rates made out for you gentlemen and send it down to you. I will also give you the boxed

meat rates. I have those from 1871 to the present time. Those were very nice rates in 1871; seventy-five cents.

By Mr. Fairchild:

Q. I would like to have you from 1882 give the provision rates? A. They were forty cents in 1882, and they continued on that basis until 1885. There were some cuts in the meantime as we generally had trouble about that time. In 1885 they fell to twenty-five cents. Since that they have been thirty cents until 1899. In 1899 they made a fixed basis of twenty-five cents, up to June 11, when they fell to twenty-two and a half cents; then they went to twenty cents and at present they are twenty-five cents.

Q. And the meats, have you got those? A. That is provisions. We call that provisions. It is cut meats, boxed and lard. All packing house products come under one rate.

Q. Then as to grain the rates have fallen from thirty cents in 1882 to as low as twelve cents? A. Yes, sir.

Q. And as to provisions from forty cents to as low as from twenty to twenty-five cents? A. Yes, sir.

Q. And as the differential adopted by this Advisory Commission as reported was a fixed differential, to the extent that the rates had been reduced from the figure then of forty cents and of thirty cents to twenty-five cents, and to twelve cents, the actual differential against the port of New York has been increased from that fixed by the Advisory Commission report? A. Well, it has been increased as it bears a percentage to the rate, yes sir. It is still three cents a hundred pounds, but if you look at a forty-cent rate on provisions against a twenty-five-cent rate, of course, it means that it does not bear the same relative percentage to the through rate.

Q. Discrimination too is very much increased? A. We think it is, yes, sir.

Q. You would not say that the change in the rates alone would be such a change as would be included in this statement of the Advisory Commission report, that: "Those rates ought to give way if future circumstances shall be such as to render it right

and proper. That they are equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time." You would not say that the change of rates alone without considering any other different circumstances now existing compared to 1882 would make that differential upon the basis of the principle established by that report, inequitable at the present time? A. I think they are inequitable; yes, sir.

Q. And unjust? A. When you say "inequitable" that carries that with it.

Q. Were there any other conditions, in 1882, favorable to New York in that through rate that have been modified, so that the conditions are not now to the same extent favorable to New York? A. Certainly.

Q. What are those? A. In 1882, New York had, I will not say the entire traffic of the country, but Boston and New York together practically had the only decent steamship service between Europe and America. In those days the boats were smaller and slower than they are now. They ran on a certainty and they were a high class of boats from an insurance standpoint. I remember in 1883 that we got vessels into Baltimore; I was there then, and they would not insure within fifteen per cent. of the vessels going to New York. They were in those days what is known as "tramps." It was just about the time of the beginning of the formation of lines running out of Baltimore, and we had to take what we could get. New York had every advantage in the way of quicker time. She had better insurance and more frequent sailings. Now, that is true ever since, as you go farther south. I remember when I was in Baltimore, and we finally got one or two good lines there and Newport News started in. We did not pay any attention to Newport News. She had the same relative position to Baltimore, as five years previous Baltimore held to New York. Baltimore was getting ahead, got her lines established, having better service, better insurance and what was the use of our worrying our head about Newport News. No use of going to the trouble of cutting our rates to get the traffic away from Newport News. We were satisfied with it. We were

getting along very nicely. Newport News woke up one fine day, when she found that Galveston, Port Arthur and New Orleans were doing her up. It has been only a question of the gradual opening up of these ports. It is the natural progress of commercial people. You cannot stop it. You might as well try to bag the Mississippi river as to stop this competition as long as the Anglo-Saxon race has got the push it has at present.

Q. You think we might stop assisting it? A. I don't know how you are going to stop it. It is an evolution. I have been in it twenty-four years, and I never saw anybody yet that was able to look ahead and say we are going to do this, we are going to do that. It is bit by bit this thing is built up and bit by bit the old process is pulled down. It has no bearing, I should say, in this case. You turn and go to the Pacific coast and see the competition. The competition on the Atlantic is nothing. There are ports from Santiago to Portland, with eight lines of steamers to the Orient, and they have not got enough business, unless they are subsidized by railroads to keep them running. Competition here is nothing. They are carrying tea now for fifty cents a hundred across this continent, including ocean service and everything as well.

Q. As a result of the improved ocean service from Philadelphia and Baltimore, the ocean rates from Philadelphia and Baltimore are not as much greater now as they were in 1882, are they, the average ocean rates? A. No, I think the ocean rate has fallen a trifle from Baltimore. Of course, all ocean rates have fallen in the meantime. I should say the ocean rate had declined a little.

By the Chairman:

Q. Are the ocean rates less from Baltimore than they are from New York? A. To judge from the through rate, I should say yes.

By Commissioner Smith:

Q. At the time the differential was established the reverse was the case? A. When the differentials were established the ocean

rates were practically simply spasmodic; it was simply what the ship could get.

Q. This report considers, as I recollect reading it, it admits the fact or states the fact that the rate is less from Baltimore, and not so much less from Philadelphia as from New York? A. When they first started at Baltimore the rates were higher than at New York.

By Mr. Fairchild:

Q. Now, you say the rates from Baltimore are less? A. I think the rates from Baltimore must be a trifle lower than the New York rates.

Q. Now, as to the rates in Philadelphia, are they lower than New York? A. I could not answer that question.

Q. To the extent that you can judge of it in New York, if we don't get the quotations of these steamship companies in the south? A. All we know is when a man shows us the bill of lading with the through rate.

Q. What would you say, that the rate from Philadelphia was higher than from New York? A. I should say it was about the same.

Q. And from Baltimore a little less? A. Yes, sir.

Q. Would you say this report is correct as to its statement of conditions in 1881, where it says on page 38:

“Turning our attention then, to the ocean freights, we find that during the year 1881, from Baltimore to Liverpool by steam and rail, they averaged nearly three cents per hundred pounds greater than from New York, and from Philadelphia nearly two cents greater. This is not conclusive of what they might be in another year, but it is indicative of a general condition of things. Besides this advantage in the ocean freights the New York route has a further advantage in the somewhat greater expedition. If, therefore, the railroads to Baltimore and Philadelphia were to charge for the inland carriage the same that is charged to New York, they must do so with the certain result of losing their present

participation in the export trade. They must, therefore of necessity, make their average inland rates at least as much lower than the inland rates to New York as will offset the differences in the ocean freights." A. Yes, sir.

By the Chairman:

Q. The North German Lloyd, they are a large factor in the traffic of Baltimore? A. The North German Lloyd have a line running into Baltimore, but they are not as large a factor in the German trade as the Hamburg-American line; that is the largest factor in the German trade. Ten years ago the North German Lloyd had practically the control of the traffic. They lost it very largely, and it has gone largely to the Hamburg-American line.

Q. Is it true that the principal western package trade goes via Baltimore to Germany by those steamers instead of from New York? A. Oh, no. If you will look at the reports of the port of New York you will find the tonnage is very heavy by the Hamburg-American and by the North German Lloyd, both.

Q. Are there facilities larger in New York than in Baltimore? A. They take more freight from here than from Baltimore. They have some of the heaviest ships that run out of this port. The Pennsylvania is one of their large boats and is a 14,000 ton boat.

Q. Still, they run more boats from Baltimore? A. I think not. I think they are sailing from Baltimore once a week or maybe once in ten days. They have both lines in there, the Hamburg-American and the North German Lloyd.

Q. Why do they make lower rates from Baltimore than from New York? A. I think probably they make a lower rate than New York for the reason that they put on their poorer boats there and do that to attract trade.

Q. Slower service? A. Yes, sir.

By Commissioner Smith:

Q. To go back to the report that has been read. I presume the traffic managers of the several roads occasionally meet and dis-

cuss matters, do they not, affecting rates? A. The trunk line roads?

Q. Yes, sir. A. Yes, sir.

Q. And the subject of the differential comes up frequently? A. Yes, sir.

Q. Is the basis of the differential still maintained upon this opinion of that commission, or whatever you call it, that board? Is that the justification now for the maintenance of that differential? A. Well, that report is considered as the constitution on which the differentials were founded.

Q. It is accepted in that sense by railroad men? A. Yes, sir.

Q. Don't they think that the time has arrived for a readjustment of that differential, based upon the theories advanced and principles advanced in that report? A. Yes, sir; we have had that question up.

Q. What, may I ask, is the objection of those who insist upon the maintenance of the differential? A. Well, there was a concession a year ago. I think it was the western roads. Of course, they work very closely with the trunk lines, who agreed to charge the same rates on grain to Baltimore, when for cargo ships, that were charged to New York.

By Mr. Fairchild:

Q. When was that? A. I think it was about a year ago last January. I think it lasted two weeks.

Q. That was prior to the time when the differential on grain was cut in half? A. Yes, sir. They claimed that that position of theirs at once threw too much grain to the gulf. Now, Baltimore and Newport News have had this gulf competition more severely than the trunk lines. They feel it because they feed very largely from Cincinnati, Louisville and other places through the southern tier, while naturally the roads that run direct from here to Chicago, while they feed to a certain extent down there, they do not depend on getting very large tonnage from that territory. When that grain rate was fixed it was to be the same to Baltimore as to New York. Afterwards it was cut in half. I do not think the

agreement was in force very long for the reason that the Chesapeake & Ohio and the Baltimore & Ohio claimed that the gulf ran off with their grain.

Q. The readjustment was an increased rate to Baltimore instead of a reduction to New York and Philadelphia? A. Yes, sir.

Q. Had there been a readjustment the other way that condition would not have arisen. A. I do not know whether it would or not. It is pretty hard to tell. The competition has got keener in that territory west of St. Louis. That Kansas City territory is something terrific.

Q. It is accelerated when the rate is increased to any Atlantic port, the diversion of it to the gulf ports is accelerated? A. That is true.

Q. If, then, Baltimore was satisfied to charge a rate which was three cents less than New York, when the readjustment took place, she ought to have been still satisfied with that, and in making the concession to New York compelled the reduction of the New York rate? A. I do not know; I think the result would have been the same.

Q. As a general proposition, you will not say that the increase in rate in Baltimore does not accelerate the diversion to the gulf? A. That is very true.

Q. If, as a result of the representations of the New York railroad lines to the Philadelphia and Baltimore lines, in asking for a reduction of the differential, is the plan always in mind to increase the rates to Baltimore and Philadelphia rather than to decrease them to New York? A. No, sir; I do not think that is in mind at all.

Q. What was the basis on which you asked for the alteration, for the change in the differential to charge less to New York? A. If I remember rightly it was the western roads who were as much interested as we were. Very largely those rates are east-bound rates. Those rates are very largely made by the western roads. We make west-bound rates. The principle in making rates, in railroading, is that the party makes the rate who originates the traffic. Consequently, the western road, a road east of

the Mississippi river; the western roads have meetings in which, of course, the western representative of the Erie would be present. He is right on the ground there. Their idea was to ask the Baltimore & Ohio and the Pennsylvania to cut these differentials in two.

Q. Cut that in two by doing what? A. By lowering the rate. At that time the rate was so low that when they spoke of cutting it in two the gulf ports said "Don't cut them in two and lower them. Cut them in half and raise the rate and we will go up correspondingly." That is the only time they have ever been cut in two. Of course, at the next conference I do not know what will be done, but it is a matter of agitation all the time.

Q. If this Commission should recognize the differential in its report, and should suggest an abatement of the rate to New York, would that conform to the suggestions of the New York lines in the trunk line conferences? A. I do not think we have had any trunk line conferences on that.

Q. On the question of differentials? A. Our conferences among the trunk lines, as a rule, do not go into the grain differentials. The grain differentials are fixed out west.

Q. But all differentials? A. I do not think it would be objected to by the trunk lines at all.

Q. Would it conform to the request that is urged by the New York railroad lines in their conferences on differentials with the Baltimore & Ohio and the Pennsylvania railroads, in the conferences on rates? A. To cut the rates in half?

Q. To lower them to New York? A. Yes, sir; either lower them to New York. One moment, sir. What difference does it make if the differential is cut in half whether the rate is advanced or whether it is reduced?

Q. You have just pointed out that it helps the gulf if it is advanced. A. At certain seasons of the year it does; at other seasons of the year the gulf is not in it on grain rates.

Q. The less we charge the more difficult the competition to the Gulf? A. Certainly; that is true.

Q. When you have in view the principle upon which the ad-

visory commission report was based, their discussion of the fact that the differential was two cents in favor of Philadelphia and the ocean rate in Philadelphia was two cents higher, that the ocean rate to Baltimore was three cents higher and the differential in favor of Baltimore should be three cents, and also having in view their suggestions that their report and their conclusions were only based on the then conditions, and that the reduction of the rates from Chicago to the seaboard has been so great, with a differential arbitrarily fixed, don't you consider that the trunk lines, instead of conforming to this report that you call the constitution upon which the differentials are based, are in fact now violating it and that if they should conform to it they would recognize the principles there laid down, and by reason, as you have testified, of the ocean rates in Philadelphia being now the same as New York, and in Baltimore being higher, that that principle, as laid down in that constitution would wipe out the differential altogether? A. I do not know. I can not agree with you there, that it would wipe out the differential altogether.

Q. I am suggesting whether it should be wiped out from Chicago; I am asking you whether you are not violating instead of following that advisory commission report, when the very conditions which they report should wipe that out, have now been created, according to your own testimony? Are you not now violating that constitution instead of following it? A. No; I do not know as we are.

Q. Would you consider that if this Commission should take up this subject of differentials and should compare the differences as you have testified to that existed in 1882 and at the present time, and should advise following the principles laid down in that advisory commission report that the differentials should be modified at least to conform to the present conditions, that the railroads would be at all disposed in their conferences to base their discussions upon such a report we might make to the New York Legislature and to the Governor of the State of New York, rather than upon that out-of-date report of 1882? A. I think if

you made that report it would have considerable weight with the New York roads. The question is whether it would have weight with our rivals outside.

Q. In the efforts that the New York roads are making to abolish the differentials in these discussions, would that assist you? A. Yes, sir.

Q. As I understand it, the New York roads all agree that the differentials under present conditions are unjust? A. Yes, sir.

Q. And the Pennsylvania and the Baltimore and Ohio roads insist that they are not unjust? A. Yes, sir.

Q. And that because the Pennsylvania and the Baltimore and Ohio roads insist that they are not unjust, if the New York roads should carry out their insistence that they are unjust to the point of their modifying them, or abolishing them, the Pennsylvania road and the Baltimore and Ohio road would immediately bring on a rate war? A. It looks very much like it.

Q. That is your opinion? A. Yes, sir.

Q. Is it a fact that because of the freight rate war that would be brought on by the Baltimore and Ohio roads, that the New York roads do not insist upon their views being carried out, at least to the extent of modifying the differential? A. I don't know that it is entirely, but railroads are just like nations. Wars do not settle anything unless you can absolutely obliterate the other fellow. You cannot obliterate a railroad, but you may a nation. The court takes hold of the railroad and puts it into bankruptcy and takes care of it. He is a worse enemy as a bankrupt than he is when he pays his debts. We have worked at this thing for a good many years. Of course the differential question is a pretty burning one, but I do not despair of seeing differentials agreed to; that is, a modification of them. I don't think we can wipe out differentials, and I am not sure that it would be fair to do it. That they should be modified there is no doubt, and I want to say to you in testifying that rates are lower at Baltimore. I would say they are lower on provisions. Grain rates from Baltimore are about the same as from New York.

By Commissioner Smith:

Q. You mean the ocean rate out of Baltimore? A. Yes, sir, that is what I was referring to. It is perfectly clear to my mind, and perfectly plain that the grain rate of Baltimore, Philadelphia and New York when that grain is going into a cargo boat should be absolutely the same, because the ocean rate is the same. I can make my contract to-morrow at Liverpool for any port whatever, and it may be at one rate. I can make it include anywhere from New York harbor to Newport News at the same rate.

Q. Boston too? A. No, sir; they will not go around the capes for that. I think they would make that rate good as far as Brunswick, but as soon as you get into the gulf they want more. Therefore I have always held that this thing, if we could fix it, that rates that apply to full cargo boats should be the same. Now, on the other hand, I don't know what it should be. It ought to be reduced when it goes into berth boats. Berth rates in New York are ballast rates very largely. In Boston they are the same as ballast rates. Now, in Baltimore the boats are not so big, and they want to get something out of the grain rates besides the ballast rates, so they make them a trifle higher. Of course demand and supply has a good deal to do with it, and of course the movement of grain has a good deal to do with it. The factors that enter into the making of rates are the hardest things in the world; they are harder than selling dry goods or anything else. They fluctuate so. You have got three or four things to put together, whether the price of grain in the west is decent for export requirements or whether there is a dull movement on foot that knocks everybody out of business. Somebody gets an idea in the west and they run the grain rate up, and we are stranded and we cannot move it down. Then the price gets abnormally low, and in case of a rush of grain we cannot take care of it. In the meantime we have reduced our rates in order to get this movement started, and we have to put them up because we cannot take care of the traffic. The question of rates and the question of differentials is the hardest thing I know of. It is a hard problem. They change and fluctuate. The differentials change, and

yet when you follow it right down, year after year, the cost of transportation is being reduced; the ocean rate is being reduced, and on land competition is forcing us to do that, because you are trying to market your product. We are interested in that as much as the farmer or the merchant. Foreign countries are doing the same. India and Australia are working against you, trying to reduce the cost of getting into the market the same as you, and you know one thing is inevitable, you are going to carry for less.

By Mr. Fairchild:

Q. And the less you carry it for the greater the discrimination against New York, as long as you adhere to arbitrary differentials? A. I am not going to fight you about that, but I will tell you there has been a number of times that it has been said that these differentials apply to lighterage, and it is the lighterage that makes the differential. I want to say that it has got no more to do with it, with making the differential, than the cost of engine service in the freight charge.

By Commissioner Smith:

Q. The lighterage is an additional differential? A. We deliver freight here in New York, and it don't make any difference whether we charge the same rate as Baltimore charges or whether the rate is the same rate as the Baltimore or Philadelphia. Something is taken out of the rate at all cities. New York is not alone in lighterage and terminal charges. If you go to Philadelphia with a lot of provisions you pay three cents for export, unless you can get right alongside the ship with the car, and then you pay a cent and a half. If you go to Baltimore you pay a cent and a half alongside ship. If you lighter it you have got to pay two cents. That is taken out of the rate.

Q. They can do business cheaper in Baltimore? A. It is not properly lighterage. It is just a little run across the harbor. They never take stuff out of the cars at all. They run the cars on a car barge and run them alongside the ship and make their

deliveries in that way as a rule. When you go to Boston the rate for export is the same as the rate for New York. There is no fixed charge at Boston. Boston is a peculiar port. You may make your rate and give your through bill of lading and export provisions, and thirty days after you receive from your connections at Boston a bill. The bill is frequently for lighterage, for wharfage and for what they call "handling." Sometimes they stick in a little cooperage bill. Sometimes it is less than three cents and sometimes greater than three cents. Is that thing the rate? No, sir; you have made it, and you don't know what you have got to pay. The shipper doesn't know, and he doesn't care. The rate is through and covers our charges, no matter how it fluctuates. I have always contended that so far as lighterage and terminals are concerned they do not affect the rate and they do not affect the shipper. The whole thing is in the through bill, just the same as the engine service.

Q. Is there any other port where the lighterage rate is deducted, where the lighterage charge is deducted before the rate?

A. Yes, sir.

Q. All the other ports? A. Boston, no; Baltimore and Philadelphia, yes.

Q. How is the amount deducted at those ports? A. I think a cent and a half always, and then they send you in what they call a supplemental voucher.

Q. For additional expenses? A. Yes, sir.

By Mr. Fairchild:

Q. That is the exception, compared with the great amount of freight? A. Yes, sir; I should say because it is usual for additional service. They are honest, however, in the additional service. I don't say it is exceptional, but the proportion is very small of the total tonnage.

Q. Don't you think that when the deduction is created before the pro-rata is fixed, that it has an influence upon the western connection as to which way it is shipped? A. Oh, no.

Q. Wouldn't they get more if it was sent to another port where

the lighterage was less? A. No, sir; they would get about the same. The western fellow is no fool.

Q. They get about the same because the differential exists? A. They don't care anything about the differential. There are a lot of fellows out there, very short lines—you could not make a prorate with them to Baltimore. They say Baltimore is three cents less than New York. We will take twenty per cent. of the New York rate. They go to work and fix their rate, and they make the Baltimore road pay them as much as what New York would pay them if it went to the higher rate port. For instance, say the rate is twenty-five cents to New York. That road would receive, say it is a short line 100 or 115 miles long—they say, "We want a minimum of three cents a hundred, but we will figure on all your traffic, that is from first class right down, at twenty per cent. of the New York rate." If your rate is twenty-five cents to New York and twenty-two cents to Baltimore, that road receives just the same on that traffic as if it went to New York. They would get five cents at any rate. Of course it is a tax on Baltimore, but if Baltimore wants traffic she has to pay the arbitrator. Under no circumstances will they take less than three cents as a minimum.

Q. Do you mean to say as to the great bulk of business, if the rate was the same from Chicago to Baltimore as from Chicago to New York, that the western road would not get a greater proportion on the freight going to Baltimore, where lighterage is not deducted, than they would on that to New York, where lighterage is deducted? A. There is a lighterage deduction of a cent and a half there.

Q. On that great bulk of business going from Chicago to Baltimore under such differentials, the western road would get a larger proportion than it would to New York, where three cents is deducted before the pro-rating. A. I would like to look into that. I don't think it would. You must recollect when you take their mileage, from Chicago to Baltimore it is 850 miles. From Chicago to New York it is 1,000 miles, and you have got to prorate against 850 miles from Chicago to Baltimore, which would be a difference of 150 miles, which would make a difference in

what the rate was. For you get down to a low basis when you come to figure it, and it would be so infinitesimal, my impression is that you would get about the same rate per ton mile after deducting the three cents at 1,000 miles and two cents at 850 miles, you would get the same rate per ton mile that you would get the other way.

By Mr. Fairchild:

Q. Unless the difference in mileage between Chicago and Baltimore is divided up between the western connection and the Baltimore connection? A. Yes, sir. Now on the other hand for some short points the western roads would have the advantage, a most decided one.

Q. The Erie road does its own lightering at this port? A. Yes, sir.

Q. Do they keep books of accounts showing how much that lighterage cost them? A. I think they do. I don't know that they keep books of accounts.

Q. They keep their accounts in a way that would show that? A. Yes, sir.

Q. For how long a time have they been keeping their accounts that way? A. Since the fiscal year commenced.

Q. Will you be able to make up a statement from these books for that period, since the fiscal year commenced, including September and down to the first of this month, showing the tons lightered and the cost of lighterage. A. Yes, I told you the other day I would do that.

Q. To return to the differential, do you consider that the Pennsylvania road is less fearful of a rate war than the New York Central? A. I don't know; I could not answer that.

By Commissioner Smith:

Q. Have you got an opinion on that? A. I don't like to run my neighbor's affairs if I can help it. I would not like to express an opinion on that.

By Mr. Fairchild:

Q. Following up your suggestion about those roads that would go into bankruptcy in case the New York roads should do away with the differential, do you think that the Pennsylvania road would be more willing to go into bankruptcy than the New York Central? A. I don't think either one of them would.

By Commissioner Smith:

Q. Do you recollect on whose initiative the advisory committee made their report after this rate war had gone on for a long period? A. I think it was the four presidents, Garrett, Roberts, W. K. Vanderbilt and Jewett.

Q. You do not know who the suggestion originated with? A. My impression is that it originated with the New York lines, as they had given notice of withdrawal from the agreement of 1877. It would probably be that way, because when a man informs you that he withdraws from a rule, he says what he will have done.

Q. You think it was suggested by an advisory committee? A. Yes, or by an arbitration committee.

Q. And finally it was accepted by the other roads? A. Yes, sir.

Q. Before they accepted it, they got tired of the rate war first? A. Well, it was accepted by all of us. We all agreed to accept the proposition.

Q. At first they would not agree? The Pennsylvania and Baltimore and Ohio roads would not agree to it when the New York roads withdrew from the agreement? A. The New York roads withdrew, and said they would not hold to the agreement of 1877.

Q. And they made the suggestion of an advisory committee? A. Yes, sir.

Q. The original proposition of the New York roads after the rate war ceased, was what was adopted by the roads that were engaged in that war? A. Yes, sir.

Q. It would seem from that that after the Pennsylvania and Baltimore and Ohio roads got tired of fighting they accepted the terms proposed by the New York lines? A. The original agree-

ment of 1877 was three cents and two cents, and the New York lines accepted the award. They had to.

Q. Originally, when the New York roads withdrew from the agreement of 1877, or the agreement of 1875, they made the suggestion in your opinion, that an advisory committee be appointed? That was not accepted by the Pennsylvania and Baltimore and Ohio roads? A. Yes, sir, it was.

Q. At that time? A. Yes, sir.

Q. When the rate war began? A. The rate war had been going on some time before that.

Q. When the rate war began, the suggestion was made by the New York roads, as a reason for their withdrawing from this agreement, that in lieu of that they would submit the matter to an advisory committee? Is that what you have stated? A. I think that was the way it was done. I cannot tell you positively.

Q. When they broke away from this agreement they offered to be guided by an advisory committee, but the rate war began, didn't it? A. The rate war began back in 1879 or 1880.

Q. When did the New York Central notify the other roads that they would withdraw from the agreement? A. In 1880.

Q. At that time did the New York Central make the proposition of an advisory committee? A. That is my impression; I don't know.

Q. In 1882, after the rate war had been going on for two years, the proposition of the advisory committee which the New York roads had made two years before, and which had been refused by the Pennsylvania road and the Baltimore and Ohio road, was then accepted by the Pennsylvania and the Baltimore and Ohio roads. Isn't that right? A. I don't know. I cannot tell you that. I cannot find out without going back to those old papers. I don't know where they are. I don't know who it was who proposed the arbitration committee.

Q. You said it was your belief that it was the New York roads? A. Yes, sir; but you say it was first rejected by the Baltimore and Ohio.

Q. With the rate war going on, it was the assumption that it

had been rejected. A. I do not know when the proposition was made. The people broke up in 1880.

Q. When a railroad withdraws from an agreement it usually makes an alternative proposition? A. Yes, sir.

Q. And it is your belief that when the New York roads withdrew from this agreement they offered as an alternative proposition the submission of this thing to an advisory committee? A. Yes, sir.

Q. And that was not accepted at that time? A. I cannot answer that question.

Q. The rate war began and lasted for two years? A. Yes, sir.

Q. And at the end of two years the advisory committee was the result? A. That is right.

Q. The original proposition was accepted at that time, at the end of two years? A. Yes, sir; but I don't know when that proposition was made.

By Mr. Fairchild:

Q. You don't state that the proposition was made in 1880? A. No; they might have fought along for eighteen months.

Q. Before that proposition was made? A. Yes, sir; and then the proposition might have been made and accepted.

By Commissssioner Smith:

Q. It is your opinion that when they withdrew from the agreement they offered this as an alternative proposition? A. Yes, sir.

By Mr. Fairchild:

Q. At the time they withdrew from the agreement? A. I said that was my opinion. Whether they did it at the time they withdrew or after, they had been fighting for a year, I cannot answer.

By Commissssioner Smith:

Q. If you are correct then, after all that is the important point, the Pennsylvania and the Baltimore & Ohio road did accept then, if you are correct in your surmise, the proposition that was first

offered them, if it was offered them when they withdrew from the agreement? A. Yes, sir.

The Commission here adjourned subject to call of the chairman.

NEW YORK, *October 27, 1899.*

A public hearing of the New York Commerce Commission was held this day, in the arbitration committee room of the New York Produce Exchange, at 11 o'clock.

Present: Commissioners Andrew H. Green, chairman pro tem., and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

HARRISON B. MOORE, JR.

HARRISON B. MOORE, JR., having been first duly sworn testified, as follows:

Mr. Fairchild.—I want to say before I proceed to the examination of Mr. Moore that in obedience to the subpoena to bring the books of the New York Lighterage and Transportation Company here, Mr. Moore has brought a statement, which he has made up, which is principally a balance sheet for the year ending August 31, 1899, and that it does not go quite as far as I would like to go, but I have suggested to Mr. Moore that the Commission may adjourn after getting on the record what is here, and I will accompany him to his office, to save him as much trouble as possible as to the bringing of his books.

By Mr. Fairchild:

Q. What is your full name, Mr. Moore? A. Harrison B. Moore.

Q. Your residence? A. Eighty-three Riverside Drive.

Q. Your business? A. Railroad and lighterage.

Q. You are connected with the New York Lighterage and Transportation Company? A. Yes, sir.

Q. What is your official connection with that company? A. Treasurer and general manager.

Q. What is the capitalization of the New York Lighterage and Transportation Company? A. Twenty thousand dollars.

Q. How is that \$20,000 capitalization held? A. Half by the

Lehigh Valley railroad; by H. B. Moore, well, it is held one-half by the Lehigh Valley. Some of the stock is held by some men who represent them as directors, who hold one or two shares apiece.

Q. That is qualifying shares? A. Yes, sir; qualifying shares, and the balance is held by H. B. Moore, with qualifying shares to directors representing him.

Q. Mr. H. B. Moore is your father and president of the company? A. Yes, sir.

Q. And the New York Lighterage and Transportation Company performs the lighterage service at this port for the Lehigh Valley railroad? A. Yes, sir.

Q. When was it incorporated? A. Eighteen hundred and seventy-four, I think.

Q. And for how long a time has this lighterage company been doing the business of the railroad company, the Lehigh Valley Railroad Company? A. I should say about eighteen years; I am not sure, as long as eighteen years, anyway.

Q. And the Lehigh Valley railroad has owned half for that time? A. No; the Lehigh Valley railroad has owned one-half of the stock for about nine years, I should say.

Q. What consideration did they pay for the \$10,000 of stock? A. That, I don't know.

Q. Of course, the books will show? A. I think they will, yes, sir. I am not positive.

Q. And this lighterage company performs the lighterage service exclusively for the Lehigh Valley Railroad Company? A. Recently, yes, sir.

Q. Now, is this paper that I hand you the balance sheet of the New York Lighterage and Transportation Company, for the year ending, August 31, 1899? A. Yes, sir.

Q. And the items on this balance sheet, to your knowledge, have been taken from the books of the company? A. Yes, sir.

Q. And are correct? A. Yes, sir.

Q. Among the items is an item of \$35,252.66, on the expense side of the account, paid to the Lehigh Valley Railroad Company,

will you explain what that item is? A. Well, I would like to give you an opportunity to see my books, I don't know that I am sure myself what it is.

Q. That will be shown by the books? A. Yes, sir.

(The balance sheet referred to was received and marked in evidence as Exhibit No. 1 of October 27, 1899.)

Q. This paper, which I now show you, shows the total floating stock owned by the corporation on April 1, 1874? A. Yes, sir.

(Statement offered and received in evidence and marked Exhibit No. 2 of October 27, 1899.)

Q. And this statement I now show you gives the total floating equipment of the company as of this date? A. Yes, sir.

(Statement offered and received in evidence and marked Exhibit No. 3 of October 27, 1899.)

Mr. Fairchild.—I think that until those books are examined by me, Mr. Moore can be excused. I suggest that he be excused until to-morrow morning at 11 o'clock.

Whereupon, the Commission adjourned until October 28, at 11 o'clock a. m., to the offices of the Commission in the Times Building.

EXHIBIT No. 1 OF OCTOBER 27, 1899.

Statement of Receipts and Expenditures of the New York Lighterage and Transportation Company for One Year from September 1, 1898, to August 31, 1899.

RECEIPTS.

1898.

Sept.	1. Balance	\$271 26
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1899.

Aug.	31. L. V. R. R. Co. eastbound	
	ltg	\$271,826 12
	L. V. R. R. Co. cattle ltg.	34,319 16
	L. V. R. R. Co. floatage ltg	83,596 42
	L. V. R. R. Co. grain ltg..	314,262 07
	L. V. R. R. Co. westbound	
	ltg	35,100 57

1899.

Aug. 31. L. V. R. R. Co. coal ltg...	\$15,210 78	
Miscellaneous outside ltg.	43,110 59	
Handling grain.....	40,093 28	
Unloading charges at Jersey City.....	86,607 84	
Labor at Jersey City collected	9,748 29	
Demurrage on grain.....	72,169 36	
Handling grain for export	3,016 12	
		\$1,009,060 60

\$1,009,331 86

EXPENSES.

Wages and salaries.....	\$109,354 42
Labor at Jersey City and Perth Amboy.....	146,590 59
Labor at New York.....	44,265 08
Office expenses.....	10,014 01
Towage	73,834 69
Repairs	62,660 00
Barges, canal boats, tugs and lighters.....	363,090 38
Fuel and water.....	25,898 16
Wharfage	16,232 64
Grain storage	46,254 36
Shortage and damage.....	2,646 94
Chandlery and supplies.....	12,046 30
Grain shortage	21,313 69
Taxes	25 44
L. V. R. R. Co. relief.....	35,252 66
Miscellaneous	22,705 05
Insurance	14,868 87
Balance carried forward.....	2,278 58

\$1,009,331 86

EXHIBIT No. 2 OF OCTOBER 27, 1899.

Floating Stock April 1, 1874 (Date of Organization).

Tug John Cooker.....	\$2,000
Steam barge Roslyn.....	2,000
Barge Exchange	1,900
Barge E. A. Meneely.....	1,000
Barge D. C. Miller.....	1,000
Barge Resolute.....	2,000
Barge J. W. Eaton.....	1,800
Scow No. 10.....	2,000
Lighter Jessie Moore.....	2,000
Lighter Edward Bill.....	1,900
Lighter Dandy	1,400
Lighter Philip Dater.....	1,000
	<hr/>
	\$20,000
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EXHIBIT No. 3 of OCTOBER 27, 1899.

Capital Stock \$20,000, Consisting of 800 Shares at \$25 Each.

FLOATING STOCK.

Steamer barge Roslyn.....	\$2,000
Barge Exchange	1,900
Barge Jessie Moore.....	2,000
Barge Edward Bill.....	1,900
Barge Davis.....	500
Canal boat F. C. Meade.....	100
	<hr/>
	\$8,400
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NEW YORK CITY, *October 28*, 1899.

A hearing of the New York Commerce Commission was this day held in the rooms of the Commission, in the Times Building, New York city.

Present: Hon. Andrew H. Green, and Hon. Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

Mr. Green, acting as chairman, called the Commission to order at 11.08 a. m.

HARRISON B. MOORE, JR. (recalled.)

HARRISON B. MOORE, JR., recalled, testified as follows:

By Mr. Fairchild:

Q. Mr. Moore, on this statement, this balance sheet introduced in evidence yesterday, Exhibit No. 1, appears an item of wages and salary \$109,354.42. Please state what part of that comes under the head of salary and what part under the head of wages in the amount? A. Eleven thousand three hundred dollars comes under salaries and the balance under wages.

Q. And that \$11,300 is the salary that is paid to the president of the company, your father, and to yourself as general manager? A. Yes, sir.

Q. There is in addition to that an item for clerk hire besides the wages? A. Yes, sir; wages and clerk hire.

Q. This \$146,590.59, labor at Jersey City and Perth Amboy, what proportion of that is terminal service as compared with labor on lighters? A. Of that expense?

Q. Yes, sir. That includes service of taking freight from cars and putting it on floats, does it not? A. Yes, sir. I should think about \$50,000 of it was for terminal expenses.

Q. You think your terminal expenses at both Jersey City and Perth Amboy would not exceed \$50,000? A. No; they are very light at Amboy; do not amount to anything. The railroad does all the work there themselves.

Q. What proportion of the item of \$44,265.08, labor at New York, is terminal service? A. None of it.

Q. Now, there is an item here, \$363,090.38, barges, canal boats, tugs and lighters. Will you explain that item? A. The lighterage company does not own but very few boats; the balance of the work is done by chartered boats, boats that we charter. Of that \$360,000, \$196,000 of it was paid to H. B. Moore and the Eastern Amboy railroad for the charter of these boats they own.

The balance of it was paid to different parties for the boats they owned.

By the Chairman:

Q. What kind of boats do you charter? A. Lighters, tugs, floats.

By Mr. Fairchild:

Q. What is the name of the railroad you made those payments to? A. Eastern Amboy railroad.

Q. That is the Lehigh Valley railroad? A. Yes, sir.

Q. So, as I understand you, the situation is this, that this lighterage company, as a corporation, owns very little of its own plant? A. Yes, sir.

Q. But that the title to that plant remains in the Lehigh Valley railroad and H. B. Moore, and that they are also the owners, half and half each, in the lighterage company? A. Yes, sir, and the balance is owned by outside people.

Q. So that the profits that the Lehigh Valley railroad and H. B. Moore receive in this business would figure in that \$196,000 which is paid to them, half and half each? A. Yes, sir.

Q. These barges are sometimes chartered to other parties? A. Not those.

Q. How many barges, tugs and lighters are included in this charter? A. Fifty-two lighters and barges—a barge and a lighter is really the same thing—seven steamboats, twenty-two railroad floats and seven or eight canal boats.

Q. Now, have you a balance sheet for the year ending August 31, 1898? A. No, sir; I have not; I have one for the year ending November 30, 1898.

Q. And this paper that you hand me is such balance sheet for the year ending November 30, 1898? A. Yes, sir.

Q. And it was made in the usual course of business at your office? A. Yes, sir.

Q. And is correct? A. Yes, sir.

(Balance sheet for year ending November 30, 1898, offered and received in evidence and marked Exhibit No. 1 of October 28, 1899.)

Q. Have you the balance sheet for the year previous with you?

A. Yes, sir.

Q. This paper you hand me is the balance sheet for the year ending November 30, 1897? A. Yes, sir.

Q. It was also made in the usual course, regular course of business, and is correct? A. Yes, sir.

(Balance sheet for year ending November 30, 1897, offered and received in evidence and marked Exhibit No. 2 of October 28, 1899.)

Q. This paper you now hand me is the balance sheet for the year ending November 30, 1896? A. Yes, sir.

Q. And is correct? A. Yes, sir.

(Balance sheet for year ending November 30, 1896, offered and received in evidence and marked Exhibit No. 3 of October 28, 1899.)

Q. And the explanation you have made regarding the several items on the balance sheet for the year ending August 31, 1899 (Exhibit No. 1 of October 27, 1899), would apply to the items on the balance sheets now offered in evidence for those three years? A. Yes, sir.

The Chairman—Wouldn't it be well to ask the witness as to the lighterage charge, as to whether he thinks it excessive?

Mr. Fairchild—I want to say that I know the opinion of all the lighterage people of this port, and of all the railroads, and they say it is not excessive. That has already been stated on the record by some of the railroad men and the evidence that I have been trying to get here from this source and from other sources which is now on the record is evidence of facts from which the Commission can draw their own conclusions.

By Commissioner Green:

Q. What is your opinion of the lighterage charge? A. I do not think it is excessive.

By Commissioner Smith:

Q. Does the statement here show what the rate is that is paid to the lighters that are chartered? A. No, sir.

By Mr. Fairchild:

Q. What is the rate? What is the agreement? A. No agreement.

Q. Simply whatever the profits are that are made by the Lighterage Company, is paid over for that charter? A. Yes, sir; that is about it.

By Commissioner Smith:

Q. They charter all the vessels? A. That appears in a separate item.

Q. For instance, people have come before this Commission and have stated that they paid forty cents for lighterage, and forty-five, fifty, sixty, seventy-four and eighty cents. Are the charges varied? A. We pay sixty cents per ton less ten per cent. for all outside lightering.

Q. There are no graduations as to different commodities? A. No, sir.

Q. What is the ten per cent. for? A. For doing the business. You know an outside lighter will not take the business we have to carry.

By Mr. Fairchild:

Q. What is the chief item of expense in lightering, the transportation or handling? A. Well, the handling, the towing and keeping the boats up.

Q. So that it would not add appreciably to the total cost of lightering after you once get the goods upon the lighter and those goods are in the course of transportation, it would not add materially to the cost if it went a little further? A. Oh, yes, it does.

By Commissioner Smith:

Q. A steam tug of course consumes more coal? A. Yes, sir. If all our towing was above the towing limits, it would take double the fleet we have got to-day.

By Mr. Fairchild:

Q. When you say "towing limits" you mean "lighterage limits" do you not? A. Outside the lighterage limits it would take double our fleet to do it; naturally that would make a difference.

Q. Increasing the lighterage limits would not mean that all your merchandise would go there? A. It would be on the same ratio; it would be an increase in the same ratio. It keeps a tug from doing something else.

By Commissioner Smith:

Q. The lighterage limits do not extend to Yonkers, do they? A. No; they extend to One Hundred and Twenty-fifth street.

By Mr. Fairchild:

Q. And to Sixty-third street on the East River? A. Yes, sir. The lighterage limits have gradually been increased on the North River. For years it was only to Ninety-sixth street.

Q. Wouldn't you consider that it would be a proper basis to have the lighterage limits in the port of New York to include all the port of New York, that is within the city of New York? A. Yes, sir; if they make a bigger deduction from the rate, more than three cents from the rate, but not on a three cent basis.

By Commissioner Smith:

Q. It must amount to the same thing after all if you do a large amount? A. As it is now, we charge when we go out there.

Q. And the extra charge due to that, would afford a graduated scale upon which that lighterage could be increased, if it was thought desirable by the railroad company; that is, it would show how much more the expense is of lightering outside of the limits and that could be adjusted? A. Yes, sir. It is an impossibility to run a railroad business on that basis because you take a man out in Kalamazoo; he does not know what the rate is there. Every street would have to have a different rate.

Q. I mean if you were to extend the lighterage limits further

than they are now, and charge say three and a half or four cents a hundred, to include as the counsel says, the limits of the city of New York, I should think that extra charge you now make for lighterage outside of the lighterage limits could afford a basis upon which the railroads could estimate what would be a fair charge by extending the limit? A. The railroads would be willing to do that.

Q. The suggestion has never been made by them or by the lighterage companies? A. No, sir. That is, I mean the terminal railroads would be willing.

Q. The connecting railroads would object? A. Yes, sir.

Q. But it comes out of the rate? A. No, sir; it comes out of the consignee of the freight. There is no reason why the towing limits should be increased, why the lighterage limits should be increased, because a man that has his business down town, near the concentrated part of the city, or down by the Battery, where property is very high, there is no reason why he should not have more benefit than a man on the Harlem river, who does not pay anything for it, and the extra towing charge is not excessive. It is only about eight dollars, if he does any business at all he can order four or five or six cars up there at a time. The charge would be the same, \$8.

By Mr. Fairchild:

Q. What would you say of increasing the lighterage limits for grain to include all the port within the city of New York? A. I do not think they should be any more in that case than in the other.

Q. It is cheaper to lighter grain, however, than other merchandise, is it not? A. Yes, sir.

Q. For three cents a hundred pounds, grain could be lightered at a profit within every portion of the port, that is, within the city of New York, could it not? A. Yes, sir.

Q. The item in the balance sheet, marked outside lighterage, \$43,110.59—I am referring now to the balance sheet for the year ending August 31, 1899 (Exhibit No. 1 of October 27, 1899)—will

you explain what that item is? A. That is principally freight that has been lightered outside of the lighterage limits. There may have been some little business that we have done to accommodate customers of our railroad and there has been freight handled that was not in connection with the Lehigh Valley Railroad. We have often had lighterage for men not customers of the railroads, from one point to another, that the Lehigh Valley has no interest in. It means lighterage outside the railroad business.

Q. But it includes all lighterage that has been done outside the lighterage limits? A. Yes, sir.

Q. And then as against that item should be charged the additional expense for transportation in going the additional distance? A. Yes, sir. There is no charge for that. We do not keep a separate account of that.

Q. It is all bunched in one charge for towing? A. Yes, sir.

Q. At the same time, in estimating as to the receipts for outside lighterage, you would have to bear in mind that as against the receipts should be the extra expense for going beyond the lighterage limits? A. Yes, sir.

Commission here adjourned subject to the call of the chairman.

EXHIBIT NO. 1 OF OCTOBER 28, 1898.

Statement of Business, New York Lighterage and Transportation Company for Twelve Months from December 1, 1897, to November 30, 1898.

1897.

Dec.	1. To balance	\$3,055 22
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1898.

Nov.	30. L. V. R. R., eastbound,	
	894,794,588	\$269,871 89
	L. V. R. R., cattle, 108,-	
	386,710	21,677 34
	L. V. R. R., floatage,	
	495,846,169	78,171 27

1898.

Nov. 30. L. V. R. R., grain, 1,519,-

338,508 \$337,141 46

L. V. R. R., W. B.,

100,832,851 30,244 75

L. V. R. R., coal, 27,957.. 9,540 08

N. Y. S. & W. R. R., coal,

17,577 53,365 27

Miscellaneous 41,543 25

Unloading at Jersey City. 86,503 51

Labor collected, Jersey

City 5,206 06

Handling grain 67,863 07

Demurrage on grain..... 80,746 39

Storage on export grain.. 125,514 94

Holding flour... \$1,200

Extra labor at

Jersey City... 3,732

4,932 00

Brooklyn W. & W. Co.—

lighterage grain 618 65

Floating dressed

meat \$2,370

Floating cattle.. 3,160

5,530 00

Handling export grain... 2,397 47

\$1,172,867 40

\$1,175,922 62

CONTRA.

Wages and salary \$110,260 81

Labor, J. C. and P. A 115,497 07

Labor, New York 45,341 10

Office expenses 10,160 50

Towage 59,799 54

Repairs 40,584 28

Barges, canal boats and lighters.....	\$209,932 19
Fuel and water.....	35,519 82
Wharfage	21,268 91
Grain storage	214,405 02
Storage yard	425 46
Grain shortage	11,410 18
Shortage and damage.....	7,511 21
Chandlery and supplies.....	10,083 48
Taxes, State and city.....	469 59
Insurance	18,252 62
L. V. R. R., relief grain.....	31,790 03
Miscellaneous	21,542 43
	<hr/>
	\$964,254 24
H. B. Moore, P. A.....	99,500 00
E. A. R. R. Co., P. A.....	99,500 00
Balance	12,668 38
	<hr/>
	\$1,175,922 62
	<hr/> <hr/>

EXHIBIT NO. 2 OF OCTOBER 28, 1899. .

Statement of Business, New York Lighterage and Transportation Company, for Twelve Months, from December 1, 1896, to November 30, 1897.

1896.

Dec. 1. Balance	\$32 66
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1897.

Nov. 30. L. V. R. R., eastbound,	
747,539,485	\$221,485 23
L. V. R. R., cattle,	
101,510,016	20,302 01
L. V. R. R., floatage,	
540,051,811	83,687 10
L. V. R. R., grain,	
977,310,590	219,894 88

1897.

Nov. 30. L. V. R. R., westbound,		
88,938,440	\$26,521	72
L. V. R. R., coal, tons,		
11,319	3,761	41
N. Y. S. & W. R. R., coal,		
tons, 41,185	12,900	69
Miscellaneous	50,783	88
Handling grain	52,607	61
Demurrage on grain.....	46,607	39
Unloading at Jersey City.	101,550	50
Extra labor at Jersey		
City, collected	5,508	68
Extra labor at Jersey		
City terminal	19,606	00
Extra labor floating cattle	17,068	00
Extra labor, fresh meat,		
43d street	20,146	46
Extra labor and holding		
flour	16,475	08
Extra labor and holding		
grain for export.....	31,378	90
Chandlery supplies	405	37
		\$950,691 11
		\$950,723 77

CONTRA.

Wages and salaries.....	\$106,687	42
Labor, Jersey City and Perth Amboy.....	113,680	49
Labor, New York.....	36,357	38
Office expenses	9,664	38
Towages	46,186	39
Barges, canal boats and lighters.....	126,624	42
Fuel and water.....	32,736	65
Chandlery and supplies.....	8,023	89
Repairs	63,719	22

Wharfage		\$13,044 02
Grain storage		143,228 16
Storage yard		599 50
Grain shortage		5,965 19
Shortage and damage		9,498 38
Taxes, State and city		743 44
Insurance		9,260 08
Miscellaneous		29,449 61
		<hr/>
		\$755,468 55
E. and A. R. R. Co.	\$96,100	
H. B. Moore	96,100	
	<hr/>	192,200 00
Balance carried forward		3,055 22
		<hr/>
		\$950,723 77
		<hr/>

New York, December 28, 1897.

EXHIBIT No. 3 OF OCTOBER 28, 1899.

Statement of Business, New York Lighterage and Transportation Company, for One Year from December 1, 1895, to November 30, 1896.

1895.

Dec. 1. Balance \$1 69

1896.

Nov. 30. L. V. R. R. eastward, 649,	
713, 857	\$195,084 70
L. V. R. R. cattle, 121, 633,	
939	24,486 86
L. V. R. R. floatage, 523,	
777, 768	80,333 47
L. V. R. R. grain, 959, 306,	
410	215,859 63
L. V. R. R. westbound,	
107, 721, 319	32,042 19
L. V. R. R. coal, T 9, 664.	4,773 78

1896.

Nov. 30. N. Y. S. & W. R. R. coal,

T 20, 767	\$14,053 97
Miscellaneous	52,326 49
Handling grain.....	44,135 98
Demurrage on grain.....	17,026 13
Unloading charges at Jer-	
sey City	101,727 05
Extra labor collected, Jer-	
sey City	6,957 53
Extra labor at Jersey City	2,281 50
Extra labor at Amboy on	
grain	11,371 71
Extra labor on fresh meat,	
Forty-third street.....	14,655 00
Extra labor on cattle....	5,460 00
Extra labor handling	
flour	10,410 00

\$832,985 99

\$832,987 68

CONTRA.

Wages and salaries.....	\$108,211 66
Labor at New York.....	32,371 39
Labor at Jersey City and Perth Amboy.....	131,132 44
Office expenses.....	9,126 43
Taxes	17 61
Towage	46,091 72
Repairs	55,784 37
Barge and C. B. hire.....	\$60,952 77
Outside lighters.....	2,677 09
	<hr/>
	63,629 86
Fuel and water.....	30,361 88
Wharfage	11,925 99
Grain storage.....	57,831 97
Storage yard.....	600 00

Damage and shortage	\$6,604 88
Refund overcharges on grain storage.....	8,989 46
Rebates on flour, \$521.60, and to Lewisohn Bros., \$1,588.40	2,110 01
Insurance	9,053 63
Chandlery and supplies.....	7,889 72
Miscellaneous	13,623 00
E. & A. R. R. Co.....	116,360 00
H. B. Moore.....	116,360 00
Balance forward to new account.....	32 66
	<hr/>
	\$832,987 68
	<hr/> <hr/>

October 2, 1897.

NEW YORK, *October* 31, 1899.

A public hearing of the New York Commerce Commission was held this day in the arbitration committee rooms of the New York Produce Exchange building.

Present: Commissioners Charles A. Schieren, chairman; C. C. Shayne, and Alexander R. Smith, secretary; also Hon. Ben L. Fairchild, counsel.

The chairman called the Commission to order at 1.40 o'clock p. m., stating that the question of differentials would be the subject considered.

SAMUEL R. CALLAWAY.

S. R. CALLAWAY, having been first duly sworn, testified as follows:

By Mr. Fairchild:

Q. Your full name? A. Samuel R. Callaway.

Q. Your residence? A. New York.

Q. Your business? A. President New York Central and Hudson River Railroad Company.

Q. There has been considerable said on the subject of differentials, and it was my desire before closing the testimony that has already been produced before the New York Commerce Commission to have the presidents of the several Atlantic seaboard

trunk lines appear before the Commission to give their views upon the subject of differentials: First, as to their views regarding the principle of the differentials; and second, as to the differentials, the equity of them as they exist under present conditions; and without limiting you by any questions, I should like now to ask that you, as president of the New York Central Railroad Company, express the position of the road and your own views on that subject. A. It is a very hard question, gentlemen, one with which we have been wrestling for a good many years. The traffic of the country is largely moved in obedience to three competitive forces: One the competition among the railroads themselves, one the competition between the railroads and the waterways, and one the competition which is world wide—the commercial conditions which compel us to carry freight at rates to meet the competition wherever we wish to land the traffic of the country. In regard to this differential question as between the ports, which I presume is the question you are discussing here, I would like to give you a brief history of it to date, if you would like to have it in that form.

Q. We would be very much pleased to have it in that way. A. In 1869 the differential on grain in favor of Baltimore was ten cents per one hundred pounds. After a year of rate wars it was agreed that the differential should be reduced to five cents, at which it remained upon grain and the lower classes of freight until 1876. In 1875 the westbound differentials in favor of Baltimore and Philadelphia were ten, nine, eight, six and five to Baltimore, that is the different classes, and seven, six, four and three to Philadelphia. In 1876 a tariff was agreed upon, which was Chicago to Baltimore thirteen cents less than Chicago to New York. Philadelphia was ten per cent. less, and Cincinnati to Baltimore was twenty-four per cent. less than to New York, and Philadelphia twelve and one-half cents less. This agreement lasted about a month and a half. The New York Central and Erie, being then the dominant lines, became dissatisfied with it and went into a general scramble for business, and during that year and a portion of the succeeding year the rate from Chicago

to New York was reduced to a basis of twelve cents a hundred pounds.

By Commissioner Smith:

Q. What year? A. That was in 1876. Sometime in 1877 an agreement was again reached making the Baltimore rate three cents less than the rate to New York, and the Philadelphia rate two cents less than to New York. This agreement lasted with intermittent success and various scrimages until 1880, when the New York Central gave notice of withdrawal on the ground that the differentials were excessive and that the port of New York could not stand them. This brought on a war of rates, which lasted until 1882, when it was agreed to refer the whole question to arbitration, after the roads had been pretty well wrecked, and a commission was appointed consisting of Mr. Cooley, Mr. Washburn and Mr. Thurman. They made their award in 1882, fixing the differentials at about the same as they have been since, until quite recently.

By the Chairman:

Q. Three and two cents? A. Yes, sir, that is the great bulk of the traffic. In 1896 or 1897 the roads, after a good deal of difficulty, agreed that the differential should be taken off the lake ports on grain.

By Mr. Fairchild:

Q. You refer now to what is known as the ex-lake differential?
A. Yes, sir.

Q. For how many years did that exist? A. My recollection is that that was in 1896. In 1897, I think, it was referred to the Interstate Commerce Commission again, after we had a lot of hard rackets and scrimmages, and they decided to let it remain as it is.

Q. Are you now referring to the proceedings brought by the New York Produce Exchange? A. Yes, sir.

Q. That was in 1896? A. That was what I thought, 1896 to 1897. Early in 1898 we were summoned before the Interstate

Commerce Commission in Washington. The difficulties of the situation were pointed out and it was agreed by the New York roads and the roads running to Baltimore and Philadelphia that on grain the differentials should be cut in two. Some of these roads are getting very restive under it, and we have a notice now from Mr. Ingalls, the manager of the Chesapeake and Ohio, that he cannot stand it, that the differential is too low and that it must be restored. That is the situation to-day.

Q. Just at that point, has there been any change in the differential on grain for export other than the change made in January, 1899, when it was cut in two? It has been testified here by one witness that about two years ago there was an agreement made between the Baltimore roads and the New York roads that on export grain leaving Baltimore in cargo lots there should be no differential in favor of Baltimore. A. I never heard of that agreement, or if I did it has passed from my memory.

Mr. Garrett.—I think that was done by agreement between New York and Baltimore roads in 1897. It was on nothing but ex-lake grain.

Q. That referred only to ex-lake grain? A. That is all I have knowledge of. I have never heard that the differentials have been disturbed, except on ex-lake grain, until the arrangement we made, and at that time we insisted upon some change in the differential. Finally after a good deal of wrangling it was decided to try this cent and a half.

Q. Did the ex-lake differential apply anywhere else than from Buffalo? A. No, sir.

By Commissioner Smith:

Q. Of course that only applied to grain from Buffalo? A. Buffalo and other lake ports, Erie and Fairport.

By Mr. Fairchild:

Q. Fairport is the Baltimore and Ohio lake terminus, and Pennsylvania the lake terminal? A. Yes, sir.

Q. Will you go on now; I will not interrupt you again, right

away anyway? A. I don't know as there is any thing further to say.

Q. You have brought down to date the history of the differentials. Now, what I desire to have on record, are your views of the position of the New York Central on the subject of the principle of the differentials and upon the subject of the equity of the existing differentials under existing conditions, and the reasons or facts upon which you base your views, and the position of your road. A. That is a very hard question, gentlemen. Of course, these rates and tariffs are all built up on a continual system of compromise and adjustment between the different railroads, and the different forces that we have to contend against. The New York roads think the differential is too large, and, as I have said, Mr. Ingalls who manages the Chesapeake & Ohio says that he cannot live under this cent and a half differential; it has got to be increased. When you come to look into all the factors in the case, the question is so very large, it is a very difficult matter for a man, even with my experience, to make up his mind what is right. There is a claim that the business of the port of New York is constantly declining. I do not know whether that is true or not, but the New York Central and West Shore roads have carried 2,000,000 tons in here in excess of the former four years, and their business is constantly increasing. Of course, the opening of these new ports is constantly taking the business away from New York. New Orleans is almost a new factor, excepting for the Mississippi river competition. Galveston is a new factor. These ports are being increased all the time, enormous elevators being built, and it is natural that some of the business must be drained away from the center that very largely controlled the whole of it, or did in years gone by.

By Commissioner Smith:

Q. This is a subject which constantly comes before the railroad officers? A. Constantly; we simply try to do the best we can by making these compromises and adjustments.

Q. What is the demand your company makes on the New York

roads make upon these roads that insist upon the maintenance of the differential? A. Since I have been connected with the road we have never made any demand. We have arbitrated this question twice. There has been a great mass of testimony produced by shippers and railroad men before this arbitration committee, which was composed of bright men, and those men found that those differentials were not unfair to New York.

Q. In 1880, when the New York Central Railroad Company withdrew from those existing arrangements, and from the then existing arrangement on the differential, did you offer an alternative proposition, as you recall it? A. I cannot tell, I was not here then. There are certain advantages that New York has. New York has an enormous steamship tonnage, and, of course, we have to make these rates as I have said in competition with the world. If the price of grain in Chicago, say, is so much, and the price in Liverpool is so much, you can only get the difference in price for the transportation. These matters all have to be adjusted to fit. New York has a great advantage in having berth accommodations on a large number of lines leaving here that they do not have at other ports. We think that the differentials on grain ought to be wiped out, but experience has shown that that is a difficult thing to have done.

By Mr. Fairchild:

Q. You understand that the principle of the differential is to equalize the through rate, so that it will be the same at all the ports? A. Yes, sir.

Q. That whatever might be the natural conditions, for instance, in favor of the port of New York, that these natural conditions favoring the port of New York should be offset by an inland rate to the port of New York as compared to the other ports? A. I don't say that at all.

Q. Is that not the principle of the differential? A. No; you have to take the principle upon which these differentials are made. If you take the distance principle, the rates ought to be less to Baltimore and Philadelphia than to New York. There is

no reason why the Baltimore & Ohio Railroad should carry its traffic here to New York, nor is there any reason why the Pennsylvania Railroad Company should carry its traffic to New York. That is the thing you have got to keep in view in the interest of New York. If you cannot adjust rates so that these roads can bring traffic to New York, what would be the object of the Baltimore & Ohio hauling its traffic to New York when it could save 188 miles, at the same rate?

Q. If that was the principle of the differential, would there not be a lower export rate on exports to New York than Boston, if it was carried out? A. I presume so; the difference between New York and Boston is only forty or fifty miles.

Q. There is no differential in favor of New York on exports, as between New York and Boston, is there? A. I cannot answer these questions. The rates are made by the traffic managers. As I understand it there is a differential at Boston. There is a differential at Montreal; the Montreal differential is the same as Philadelphia. Now, it is an enormous question when you take it in all its bearings. Take St. Paul territory, and Soo line, that is controlled by the Canadian Pacific, which is a line to Montreal as short as our line from Chicago. We have got to make the best adjustment we can, otherwise the traffic would go over the short line.

Q. So far as Boston and New York are concerned the principle of mileage does not hold good? A. As I said before the tariffs are built up on a series of compromises and adjustments the best we have been able to do. They have been referred to two boards of arbitration of outside gentlemen, who are experts, and they have found that it is the best that can be done. Speaking in a selfish way for New York roads, we would like to have the whole thing wiped out.

Q. The last arbitration was the one you referred to as being held in 1882? A. Yes, sir; except that you might call the Interstate Commerce Commission an arbitration committee, the matter was referred to them, and we agreed to stand by their finding.

By Commissioner Smith:

Q. When was that? A. Last year or the year before that.

Mr. Garrett—Mr. Fairchild said that the Produce Exchange case was begun in 1896.

By Commissioner Smith:

Q. Is that the case you referred to as the arbitration case?

The Witness: A. No, the arbitration case was the arbitration before Messrs. Thurman, Cooley and Washburne, in 1882.

By Mr. Fairchild:

Q. That was the last time that the roads agreed to submit the subject to arbitration and to abide by that arbitration? A. Yes, sir; that I have any knowledge of.

Q. The general understanding among the railroads to-day is that they are abiding by that report except in so far as it has been specifically modified? A. Yes, sir.

Q. That report, as I understand it, and I want to see if that is your understanding, disregards almost entirely the distance principle, disregards almost entirely the cost principle, and bases its conclusion almost exclusively upon the equalization principle. A. Well, it is so long since I read that report, I cannot answer that question. I presume that is the conclusion they reached because it seems to me it is the only one they could reach. Boston traffic that goes over the Pennsylvania Railroad comes through New York and goes to Boston, 200 or 300 miles for nothing, and the Baltimore & Ohio pull their Boston traffic through here for nothing.

Q. Assuming that the equalization principle is the basis for that conclusion, and that it is still being followed by all the seaboard roads, including the New York roads, then is not this kind of a situation conceded by the New York roads: That no matter what may be done here in New York by the State of New York or the city of New York, no matter what vast expenditures may be made here to create favorable conditions here at this port, more so than now exist, by adherence to that principle, which

you say the railroads are following, as embodied in that report, you would then increase the differentials in favor of Baltimore and Philadelphia to offset any such advantages procured by the State of New York or the city of New York for itself? A. No, sir. I will answer that in a broad way and say that in making rates to New York we are obliged to take into consideration the condition of our competitors. We are hampered in every way that it is possible to hamper a railroad company. We are obliged from time to time to make the best adjustment we can on these things. In doing this, in obedience to these forces I have spoken of, our rates on the New York Central have been reduced per ton per mile from 1.88 in 1870 to .59, so that we are doing all our business now on a basis of one-half cent per ton per mile. It is the cheapest transportation in the world.

By Commissioner Smith:

Q. That is a very important question the counsel has asked. If it should be the judgment of this Commission to recommend to the State large expenditures to increase the facilities of this port for the accommodation of commerce, and as a result of that, the competing railroads to the south should insist upon the New York railroads increasing the differential in their favor to offset those advantages, you can see that New York with all its advantages would be helpless under that condition? A. I think it would be the business of the New York to take care of New York as we have done. I don't concede that New York has been discriminated against.

Q. You demand the abatement of the differential; it must be on the ground that New York is discriminated against. If the New York roads are demanding the abatement of the differential it must be for the reason that they feel that they are discriminated against? A. I don't know about the other New York roads. I know about myself. I simply want to do what is right and fair for the New York Central road. If the differential is too high it ought to be reduced.

Q. Is it not your position that it is too high? Of course, you must, in stating that, as being your position admit that you are discriminated against to the extent that you believe it to be too high? A. Yes, sir; my judgment is opposed by these gentlemen who have investigated this subject.

Q. That is a matter of twenty years ago? A. No, sir; the Interstate Commerce Commission investigated this thing within two years; and, if the differentials are too high, it is only my individual opinion. If you will call for the gentlemen who manage these roads which run to Philadelphia and Baltimore, they will say that it is not too high.

By Mr. Fairchild:

Q. I expect to have their views on the subject, and I want to get the views of each road and all sides on the record for the benefit of the study that the Commission is making? A. I want to be perfectly fair, but I am not clear about the thing myself as to how much these places can stand, they having an inferior steamship service while we have the best in the world. Still I think the differentials on grain might be reduced; I rather doubt whether they can stand much reduction on package freight; they claim they cannot.

By Commissioner Smith:

Q. You mean that if any reduction were made it would increase the business of this port and take it from them? A. It would prevent their getting a fair share of the business.

Q. That "fair share" is an arbitrary thing, is it not? A. It is just a question of individual judgment. We get these statements (witness produces a statement of grain and flour receipts at the various seaports), and we look them over, and if we find the business of New York is declining it is my business as manager of the New York Central to do whatever I can to stop it. Here is a statement that has just come in for the past week. It shows the total grain arrivals in New York to be 4,484,350 bushels; at Boston, 855,123 bushels; at Philadelphia, 1,359,738 bushels; at Baltimore, 2,039,079 bushels; Newport News, 281,470 bushels; Nor-

folk, 102,858 bushels; New Orleans, 594,670 bushels; Galveston, 481,084 bushels, and Montreal, 893,564 bushels.

Q. What period is that? A. Last week.

Q. What period is that for? A. Last week, for the week. You see the New York roads are carrying 4,400,000 bushels against these other ports. Baltimore seems to be a little high.

By the Chairman:

Q. More than all the others put together? A. I fancy so. Of course, when that condition of things exist you don't make much complaint.

By Mr. Fairchild:

Q. Have you brought statements here showing comparisons of that week of October 14, with the previous periods? A. No, sir; I just picked that up in my desk this morning.

By the Chairman:

Q. If the differentials were done away with, would the Baltimore & Ohio get their share under those conditions? A. They claim not.

Q. Why? A. Because they have an inferior port. They claim their port is inferior. They have not the steamship facilities, and they have not the facilities for carrying berth lots. They claim the rate is constantly manipulated from here. I have no doubt that is true; it may not be true to-day, but when competition is keen on these liners, they take whatever rate they can get.

By Mr. Fairchild:

Q. Will you define the term "fair share?" A. My idea of "fair share" and their idea of "fair share" is entirely different. They think they ought to have as much as New York.

Q. If, without any arbitrary interference whatever by any agreement of discrimination between the railroads, under natural conditions both as to the location of this port and as to the conditions at this port and shipping from this port, a certain amount of exports would necessarily go abroad through this port, upon

what theory can any railroad man say that Baltimore or Philadelphia or Newport News has any share of that business? A. If you take the ground that there is only one place in the country and that is New York and all the business of the country is to come to New York, that is all right. If I was running a road to Baltimore, I would see that my road got some of the business.

Q. We understand that through the building of roads to the Gulf ports, for instance, a certain territory which at one time was naturally tributary to New York is now naturally tributary to the Gulf ports, and we understand that to an extent that is also true as to certain territory tributary to the South Atlantic ports, territory that at one time was tributary to New York. Now, we will exclude that; we will not refer to that business. If the railroads enter into an agreement that attempts in any arbitrary interfering way to change natural conditions, to divert business under present conditions naturally tributary to New York, that for one reason or another would naturally go to Europe through this port, upon what theory would you suggest that as to that business the other ports should have any share?

A. It is too large a question for my comprehension. Taking New York as a 100 per cent. unit you will find that the ports of Baltimore and Philadelphia, from the grain centers of this country, excluding all northwest, are from seventy-five to eighty-five per cent. less in distance than New York, and the traffic of these roads comes through these places to come to New York. Mr. Cowen, president of the Baltimore & Ohio road, says I have 188 miles less than you and Mr. Cassatt says I have ninety miles shorter distance than you, we want to adjust rates so as to have the advantage of that distance, what is your answer, should not that have something to do with it, the same as if we lived in New York? I am very anxious to get the differentials done away with, but we cannot do it.

By the Chairman:

Q. It is a matter of competition? A. A matter of competition.

Q. A matter of supply and demand? A. The natural desire of

every city is to do some business; we cannot bottle the United States in New York?

By Commissioner Smith:

Q. There is not any such thing as competition if there is a fair division of rates and it is lived up to? A. I don't understand.

Q. If you agree with railroads to the south that such will be the rates to Philadelphia and Baltimore, that is not competition between you, that is an adjustment of tonnage, is it not, practically speaking? A. It is an adjustment of the conditions existing at the various places.

Q. It is not competition in the sense that competition is understood? A. We compete with all these roads for business, and get all the business we can.

Q. If you agree that you will charge such a rate and they agree they will charge such a rate and that is lived up to, where does the competition come in? A. I suppose we could scramble for one another's business.

Commissioner Shayne—After the rates are agreed upon, I suppose each road tries to get all it can, each individual road.

By Mr. Fairchild:

Q. You asked the question what answer might be given when the railroads to the south of us call attention to the fact that the distance to New York is greater than to Baltimore and Philadelphia. You ask, what answer can we give you. Let me answer your question by asking you two questions: First, the railroads agreed to abide by the decision of the arbitration committee, did they not? A. I presume so, yes, sir.

Q. The Cooley arbitration? A. Yes, sir.

Q. That arbitration committee decided this, and I read from page 15 of the report in answer to your question as to distance:

"The general fact now is that distance does not determine railroad charges." A. Not altogether. It is an element in the determination of them.

Q. "The distance principle does not stand the test of competition, and so far as we can perceive, there is no possibility

of establishing it except by subordinating competition altogether to it. But to do this would require an exercise of arbitrary authority which we do not understand those who advocate the distance principle to advise or desire."

A. Now, it seems to me, you are examining the wrong witness. I simply tell you as a fair-minded man what I am trying to do. Send for Mr. Cassatt and Mr. Cowen.

By Commissioner Smith:

Q. We would like to get from the New York roads all the arguments that you maintain for the abatement of the differentials, because when we get these other gentlemen on the stand we expect they are going to give all the arguments they can in favor of the differentials, and having the two before us, we are going to do our best to get at a solution of the question. A. I want to have the thing wiped out and have all the business come to New York.

Q. What reasons do you advance for that? A. Simply because we have a road running to New York; we don't go to Philadelphia or Baltimore. We would like to get traffic to come to New York. I am perfectly satisfied to have the differentials wiped out, but it is a big job; we have been at it for twenty or thirty years and have not yet succeeded.

By Mr. Fairchild:

Q. Do you wish to be understood to occupy the position that the only reason you advocate the abolishment of the differentials is the selfish reason, irrespective of any principle of equity or merit? A. I have not said yet that I would abolish them.

Q. "Wiped out?" A. As a selfish man and as manager of the New York Central Railroad I would be very desirous to get all the business I can for the road I represent. As a fair-minded man I have got to understand that we have got these other forces to take into consideration, particularly as we get no protection from the government.

Q. Have you any views on the subject as to whether the present differentials are just or unjust to New York? A. I have stated

already that I think the differentials are too high and ought to be reduced. I declined to make any agreement in Washington until the grain differential was cut in two and on that we made an agreement with the Interstate Commerce Commission. Mr. Ingalls claims he cannot live under this cent and a half. His statistics show that his business is all going away. When we get together again we may have to agree to put them back or get the others to cut them down. So long as New York is doing the business that it is we are not being hurt very badly, and I don't think New York is; I think there is a misapprehension of the whole thing.

By Commissioner Smith.—Conditions may arise when you may think it necessary to increase the differentials to favor those roads? A. Yes, sir.

Q. The alternative being a rate war? A. Yes, sir; there is nothing to have a rate war on, the rates are so low.

By Mr. Fairchild:

Q. Would not the same condition exist, if conditions should be created at this port amounting to three cents a hundred pounds greater difference than now exist, would not the roads to Baltimore and Newport News take the same stand and have a rate war unless you added yet another three cents a hundred pounds discrimination? A. You ask me a hypothetical question and I cannot answer.

Q. I am asking you the question. A. No railroad can live and annoy its competitors; there is no use of talking about it. The conditions to-day are such in this country that rate making is the most intricate and difficult thing we have to do with. As I pointed out, why should the Canadian Pacific allow us to take any business from the Northwest at all? They have just as short a line to Montreal as we have from Chicago to New York. We have to overcome that business. When these Southern lines, lines running to Galveston and New Orleans, can go down there with less mileage than they can go to Chicago, why should they do any business through Chicago or New York?

Q. The point I want to get at is this: In view of the fact that the decision of the advisory commission, to which you say the New York roads adhere, was that whatever difference existed in favor of New York in the rates, for any cause whatever, should be equalized by putting a corresponding rate upon the inland freight to New York, whether in adhering to that principle the New York roads are not adhering to a principle whereby rates would be changed by a still further increase in the inland rate to New York to offset any advantages that New York State or the city itself might give to New York through its own expenditures?

A. I have already answered that question as well as I can. The matter has got to be dealt with from time to time and the New York roads are naturally interested to get all the business they can to New York. They hold us up and make us pay terminal charges. I think our terminal charges last year were \$2,400,000 for our water business alone. They allow canal boats to come in here and get free docks.

Q. Suppose New York State could and did legislate to decrease those terminal charges you complain of and was able to do it to an extent that would make the traffic to New York one cent per hundred pounds less than what it is now, compared to Baltimore, my question is: Under the principle that the New York roads are now conceding to the other roads, would not you immediately concede to the demands of the Baltimore and Ohio Railroad by increasing the differential one cent? A. I don't know whether we would or not.

Q. Adhering to that principle, would not that require you to do it? A. If the increase in New York resulted in New York doing all of the business and these other roads were dissatisfied we would have to make the best arrangement we could with them.

Q. They would go to the point of threatening a rate war to get what they would call their fair share of this new business that would come to New York as the result of cutting down the port charges? A. We would do just as we did before; refer it to some disinterested party and let him decide, the only thing we could do.

Q. I would like to have, Mr. Callaway, a suggestion from you as to what would induce New York to take any steps towards lowering ports charges at its own expense so long as the New York roads adhered to the principle that was established by the Thurman award, that all such benefits to New York should be equalized by a differential. A. I cannot answer that question. We will meet that question when it comes. I do not know what we would do. We might have a war, continue it two or three years and wreck all the roads in the country. This differential has done more to bankrupt railroads in the United States than any other question we have to deal with.

By the Chairman:

Q. By their becoming bankrupt before or afterwards? A. It is one of the elements that goes into the making of rates and constantly disturbs the rates.

By Mr. Fairchild:

Q. You have made the suggestion that the excessive port charges should be reduced. Suppose this Commission should report to the Legislature that they should be reduced; should draft a bill and submit it to the Legislature reducing them; and the members of the Legislature, when this Commission should ask them to pass such a bill, should say: What is the use of passing a bill reducing those port charges when the New York roads are adhering to a principle that would immediately raise the differential? A. I would have to refer you to Mr. Cassatt for an answer to that question.

Q. What kind of an answer could they give? A. I cannot answer that. I will give you an answer to all questions that you ask me that are questions of fact, but hypothetical questions I cannot answer. I suppose we would do the best we could. The real fact, if you want my judgment about it, is that these rates never will be adjusted until there is some division of the business; that is the natural outcome of the thing.

By the Chairman:

Q. They are bound to get the business? A. Yes, sir, and they will take it at any figure necessary to get it and until there is some arrangement whereby the roads can apportion the business there will never be any change in the situation. In the meantime we go along the best we can. When we went to Washington last winter we made this suggestion by which charges were cut in two, we are working under that now.

Q. Your road naturally looks out for the interests of the city of New York, being a New York road, and it would be natural to take as much business to New York as possible? A. Yes, sir.

By Mr. Fairchild:

Q. Can you state what the present situation is regarding the lease of the Boston and Albany Railroad to the New York Central Railroad Company? A. The stockholders want nine per cent.

Q. My question looked to the situation as to whether that will be concluded? A. I cannot tell you. Their board of directors passed upon the lease under which we were to guarantee for 999 years eight per cent. The stockholders became dissatisfied with this arrangement. They have been adjourning the stockholders' meeting from month to month, hoping to get some adjustment. Their last suggestion was that we increase it to nine per cent., which we declined.

Q. With the conclusion of such a lease the New York Central Railroad Company, so far as its own trade is concerned, would be equally interested in Boston, as New York? A. Yes, sir.

Q. Is not that practically the situation and has it not been for a number of years past? Have not the relations of the New York Central Railroad Company and the roads running to Boston been such that the New York Central Railroad Company was interested in Boston equally with New York? A. No; because it would cut off the proportion of our earnings from Albany to New York if it went to Boston. We have no interest whatever in the Boston and Albany road.

Q. Has there not been an arrangement made, or is not one in contemplation looking to the acquisition by lease or otherwise of the Boston and Maine road by the New York Central Railroad? A. No, sir; not that I know of.

Q. What relation, if any, exists between the New York Central Railroad Company and the Fitchburg road? A. None, that I know of.

Q. Are there not to a large extent the same interests in the Chesapeake and Ohio Railroad that there are in the New York Central? A. I think not; of course, I cannot testify as to these things. I don't know who hold the stock. We have no relations with them of any kind that has been disclosed to me.

Q. Who else other than the Vanderbilts are representing important interests in the New York Central Railroad? A. That I cannot tell you, I have never had the curiosity to look at the stock books; we have 10,000 shareholders.

Q. Does Mr. Rockefeller represent an important interest? A. He is on the board.

Q. Does he represent an important interest, a substantial interest? A. I don't know.

Q. Does J. Pierpont Morgan represent an important interest? A. I don't know; Mr. Morgan is a member of the board.

Q. Do you know whether Mr. Morgan has any interest in the Chesapeake & Ohio in any way? A. I don't know, sir.

Q. Do you know who holds the controlling interest in the Chesapeake & Ohio Railway? A. I don't know anything about it. Mr. Ingalls is the president of it; that is the limit of my knowledge.

Q. Has the New York Central Railroad Company any interest directly or indirectly in the benefits that might be received by the Chesapeake & Ohio Railway, as to the business done by the Chesapeake & Ohio? A. No, sir; it is one of the worst competitors that we have.

Q. Have there any efforts been made or has it been in contemplation by the New York Central Railroad Company to get rid of that bad competition by acquiring the Chesapeake & Ohio

Railway? A. Not that I know of. It might be without my knowledge. I am simply operating the road. I don't know anything about the plans of the owners.

Q. What are the relations of the New York Central Railroad Company and the Lake Shore road? A. The New York Central Railroad Company owns a majority of the stock of the Lake Shore.

Q. Any other lines are there, other than the Lake Shore, forming a part of the Trunk Line, in which the New York Central owns a majority of the stock? A. The New York Central owns a majority of the stock of the Michigan Central; the Lake Shore owns a majority of the stock of the New York, Chicago & St. Louis and a majority of the stock of the Pittsburgh & Lake Erie, and quite a number of roads in the Pittsburg district.

By Commissioner Shayne:

Q. And the Boston & Albany? A. We have no interest whatever so far as I know in the Boston & Albany.

By Mr. Fairchild:

Q. The same interests are in the Boston & Albany, that is, have been for a long time, that are in the New York Central. Is that not so? A. I don't think so, I cannot testify of my own knowledge. We have a traffic contract with the Boston & Albany road, by which they give us all business and we give them all business we can control. That is the only relationship between the two roads, I believe.

Q. What relationship exists between the West Shore and the Fitchburg? A. None, except the West Shore does business with the Fitchburg road. The New York Central could not do business with the Fitchburg under this Boston & Albany contract and the West Shore does its Boston business over the Fitchburg road.

Q. What relations exist between the West Shore and the Fitchburg road to make it desirable from the standpoint of the West Shore road to send grain by way of Boston over the Fitchburg

road instead of bringing to New York over its own line? A. None.

Q. It has been testified here before the Commerce Commission by one of the largest grain exporters in New York that they received an offer in the shape of a special inducement from the West Shore road to ship their grain by way of Boston instead of by way of New York and that they accepted that offer of the West Shore road, and that as a result a very large amount of grain was shipped by way of Boston that otherwise they would have brought to New York. I refer to the firm of McIntyre & Wardwell? A. I don't know anything about it. I don't know why any such inducement should be made unless we were blocked up in New York. We are frequently blocked up.

Q. That suggestion was made to the representative of the firm of McIntyre & Wardwell when he testified, and he replied to that suggestion that just the contrary was the truth at the time the West Shore made that offer? A. I don't know anything about it. If you will find out who made the offer I will investigate it; it is entirely contrary to the policy of the New York Central Railroad Company.

Q. So far as giving your own opinion such an offer of the West Shore was not only contrary to the policy of the road, but was also contrary to its own interest, was giving business to a rival road? A. Yes, sir; cutting off about twenty per cent. of its own earnings.

By Commissioner Smith:

Q. Would it be the purpose of the New York Central Railroad Company to increase the business of the Boston & Albany road if it is leased to the New York Central Railroad Company? A. No, sir; the business of the Boston & Albany is now about as large as the Boston & Albany can take care of. We give them a very large traffic at Albany every day.

Q. The reason I asked this question is that I happened to see a large number of Boston papers recently in which I found the suggestion advanced that the lease of the road to the

New York Central Railroad Company would be advantageous to the port of Boston and would increase its business? A. I am not responsible for what appears in the newspapers. I will frankly say that we have no policy with regard to the Boston & Albany road, excepting one of self-protection for the future. The New Haven road runs its trains over the Boston & Albany road from Springfield, and we were fearful that the Boston & Albany road would be controlled by the New Haven Railroad or by the Boston & Maine, which would throw its traffic over the Canadian railroads. That was the only object we had in securing the Boston & Albany road, to secure us an outlet to Boston.

JOHN B. GARRETT.

J. B. GARRETT, having duly affirmed, testified as follows:

By Mr. Fairchild:

Q. Your full name? A. John B. Garrett.

Q. Your residence? A. Rosemont, Pa.

Q. Your business? A. Vice-president of the Lehigh Valley Railroad Company.

Q. Does the Lehigh Valley Railroad carry freight for export to any other port than the port of New York? A. It does not deliver over its own rails to any other port. It carries freight by the intervention of other carriers which reach other ports. It is essentially a New York road.

Q. What railroad, if any, has the Lehigh Valley Railroad a traffic arrangement with by which freight goes to other ports? A. It has no private arrangement, none other than that which it might have with any other road, simply a division of through rates. It delivers freight, for instance, through Philadelphia, to the Philadelphia & Reading Railroad at Bethlehem, which freight passes over about fifty-seven miles of the Reading road, but simply on division of through rates, the same as though it were going to Boston or any interior point.

Q. Are you able to state what proportion of the export freight that is handled by the Lehigh Valley road goes to Philadelphia over the Reading road, compared to what comes to New York

over its own line? A. I have no idea of the relative amount, but I suppose it to be vastly larger to New York than to Philadelphia. I have no doubt it is larger to New York. It is to our advantage to bring all the business over the whole length of our road rather than to divert it and take a share of the earnings.

Q. Will you, without interruption by any additional question from me, give, for the benefit of the Commission, your views and the position of your road on the subject of differentials, first addressing yourself to the justice or injustice of the principle of the differential itself; and second, assuming, for the sake of argument, that the principle upon which the differentials are founded is just, what have you to say regarding existing differentials under existing conditions? A. I should not admit that there was any injustice in the principle of the differentials, but I regard the differentials as absolutely beyond any legislative control of the commonwealth of New York, or of any other, partly because there is no jurisdiction except that of the United States that is broad enough to cover the conditions which create differentials and partly because the conditions which create and maintain them are continually varying. They are different to-day from what they were one year ago or ten years ago. They will be different next year and ten years hence. I think that it is very probable when the arbitrators of 1882 awarded the differentials that they were substantially just to the various interests that were involved in it, but within the last five years anyhow, and perhaps much longer, the rates have been so much lower than in 1882 that a differential of three cents bears a very different proportionate relationship to a rate in recent years from what it did at the time the arbitrators considered and decided it. That has created an injustice in it. I think, too, that you must consider the differential in its relation to grain carrying entirely distinct from the differential question as applied to freights generally, simply because grain is carried under very different conditions. Grain is in very large volume. It is handled from an office, for instance, in this building in which we are sitting, through any port on the Atlantic coast and the profit on the transaction goes into the

pocket of a New York merchant just as surely in many cases if the grain goes through Boston or Newport News as if the grain actually went through the port of New York, and there are merchants doing business right here who are simply seeking the cheapest channel through which that grain can go. I think, too, that you have got to keep in mind that, as any city located on the seaboard increases in wealth, the value of its real estate increases enormously, the cost of providing facilities for the export business increases and necessarily the handling charges of that port increase and become, sooner or later, more or less of a barrier to the export of that class of property which is handled in very large volume and which has to be done on the most economic basis. When you come to compare an export through New York with an export through Newport News, you must bear in mind that Newport News is nothing but a shipping port. The whole port, you might say, is simply a terminal of the Chesapeake & Ohio Railway and the Chesapeake & Ohio Railway is absolutely dependent upon its export business because it could bring nothing to Newport News for anything else than export, that is, not enough to amount to anything, a mere bagatelle. Any road that has its terminal in the city of New York has the advantage of a very large volume of purely domestic business, that which goes into consumption in a community of 4,000,000 of people, or you may say a very much larger territory than that, because you may take in all the territory that is within 100 miles or nearly so, in all directions, and it runs up into a very large share of the population of the country. Go back to one point that was a matter of conversation between yourself and Mr. Callaway. I agree with the thought that you threw out awhile ago that differentials are a means of equalization of the through rate. They are based primarily upon distance but no rates are absolutely rigid upon the principle of distance. For instance, Mr. Truesdale has the shortest line, I think, between Buffalo and New York, about 408 or 410 miles. The several lines range from 400 to 440 miles, that is a difference at once of eight per cent. in distance, yet all the roads must of necessity carry the freight from Buffalo to New

York or from New York to Buffalo at the same rate. I have understood that on the continent of Europe, where rates are much more under the control of the government, forty per cent. increase of distance is permitted at competitive rates, that a road 140 miles long is justified in the law in making the same rate between two common points as a road 100 miles but that permission is not given beyond 140. You will find, for instance, that from Pittsburg to New York, where the Pennsylvania road is the shortest line and the largest carrier, that it is confronted with the competition of such a line as the Vanderbilt interests which, I believe, goes to a junction point in Northeastern Ohio and takes the Lake Shore to Buffalo, the New York Central from Buffalo to Albany and Albany to New York. You can readily see that it is a very different mileage distance which it has got to accept as a competitive rate. So far as the great volume of grain is concerned, whenever the crops of America are excessive and the crops of foreign countries are light, and the demand upon America for grain is large, a large proportion of the grain goes out in solid cargoes. When the opposite condition exists, a very large proportion goes out in berth steamers, that is, the regular lines that ply from New York, from their own wharves. Those boats will not go to elevators but accept whatever rate is necessary to get them that grain for ballast. Under the latter conditions the port of New York has the advantage; under the previous conditions what are known as the outports have decided advantage. As to the solid cargoes of grain, the usual condition is for a charter to be made by a merchant with the choice to himself to make his choice of ports. It may be weeks after he has made his charter of a vessel, but he can place that vessel at any one of the four or five ports, from Norfolk on the south to Boston on the north at the same rate. It, therefore, follows that the inland rate must be the same. If the grain started at a common point and is to be delivered in Europe at a common point, and the ocean is a fixed factor, the inland rate must always be uniform. That is not the case on domestic business, which is governed more by distance. It does not have to be so on what we generally term

package freights, because they are placed aboard what we term berth steamers and the rates on those are higher from Southern ports and lower from Boston. They are maintained on a sliding scale between the two. The result is that such freights will pay a higher rate to Boston than to Philadelphia, while the rate to Philadelphia is probably higher than the rate to Newport News. My own impression as to the present differentials is that when the presidents agreed in January, 1899, to try the experiment of half the previous differential on export grain they struck about as near as they could to that which would create a parity of conditions between the various ports and insure a fair flow of business between all the ports; that is, make a uniform rate from certain producing territories in the West to European ports generally. Those are not fixed conditions and they cannot remain fixed partly because of the varying kind of other property than grain that is in demand at different European ports. One port will be a good grain port, another will be a good flour port and so on. London is a very large market for flour. A great deal of the grain goes to the lesser ports. You take ports like Rotterdam and Hamburg, they are very large in almost all classes, simply because they are distributing centers for the interior, just as New York is a distributing center to the interior of this continent. I will make an effort to answer one question that you put to Mr. Callaway, which seemed to embarrass Mr. Callaway. It may help you to a judgment in your own mind as to what is a "fair share." We all have to acknowledge that ultimately the "fair share" is that which is awarded by disinterested arbitrators. Until a condition arises in which our minds are enlightened by such impartial arbitration, what we have had in the past is always demanded by us for the future; in other words, the effort of the New York roads would always be to preserve and to claim the percentage in the class of business which it has had in the recent past. The claim of Boston, Newport News or Philadelphia would be just the same. If they found their business was materially lessened by any conditions created by their competitors, they would be prone to charge unfairness and to seek a remedy.

Q. That would be their position then if those favorable conditions were created not by their competitors but by the State or city? A. Yes, sir; I think they would take the same ground. When you pressed that point to Mr. Callaway it occurred to me that there is no difference whatever in its influence upon rate making and the attitude taken by competing roads whether the expenditure be by the railroads or by the State or city. There are all the time going on, changes at all the ports, by the expenditure of money mainly, which makes the condition to-day different from that of five years ago, we will say. The result is that in any effort to adjust these matters, as between the several railroad companies, as competitors, we are forced to take statistics for a short period of years and not rashly to make the claim that we are entitled to get that which we had ten years ago. I think, as a rule, arbitrators would be largely guided in awarding fair percentages to any railroad by the statistics of three or four, or at least five years, modifying them by new conditions that they know existed and which they thought were fair conditions to receive recognition. I do not know whether I have answered sufficiently the question you put to me or not.

Q. There is one statement you made that suggests a question. You state that, as to cargo lots, the choice was given to the shipper as to which port he would send the ship. Now, as a matter of practice, to what extent is this port selected by shippers for cargo vessels? A. This port is less likely to be selected for that class of shipments than what we might term the out-ports. I suppose mainly because the port charges are apt to be less at the other ports. The merchant finds that in cargo lots he can do better, in a majority of cases, from other ports than New York. It is not always the case. There is a great deal of grain goes from here in cargo lots but New York has a very much larger proportion of grain shipped in berth lots than any other port, simply because the lines of steamers to the various European ports are so much more numerous, sailing so very much more frequently and the ships are so much larger carriers. When you take such ships as the Hamburg-American Line's Pennsylvania

and ships of that class, the White Star Line's Cymric and ships of her class, you have nothing at any other port on the Atlantic or in the Gulf to compare with them. They are enormous carriers.

Q. Wasn't the arrangement entered into by the New York roads to charge what is known as the one-cent arbitrary charge on grain at the elevator, a charge they do not make if they lighter the grain to the vessel, a potent factor in discouraging cargo vessels from coming to this port? A. I was not cognizant at the time it was made of the motives that actuated it. I had nothing to do with it. I would rather not go into details. You have had witnesses that were participants in that matter and know all the ins and outs of it.

Q. Was it not a potent factor in discouraging cargo vessels coming to this port? A. It is quite possible because at Baltimore and Newport News all the vessels are loaded under the spouts of the elevators and any intermediate instrumentality for the transfer of grain from the railroad terminus to a ship necessarily adds something to the cost of it and that must be a factor in determining the route through which the grain will pass.

Q. Can you suggest any reasonable argument to sustain the custom of charging more for delivering grain at the elevator, without the expense to the railroad of lightering, than is charged by the railroad in the delivery of grain by a lighter at its own expense? A. I think experience tells us that, irrespective of the various elements of cost to the party who carries—for instance, from some starting point in Illinois, in placing grain on the ship, which is made up of a multitude of factors, some of which we bear and some of which others bear—that the same rate must be made to deliver on board ship, no matter whether it is done under the spouts of the elevator or whether it is done on berth, or wherever it may be, and that the item of cost is simply one with which the parties doing the work are concerned and they will charge for the delivery. If they can save anything in that delivery by bringing that vessel under the spouts of the elevator they will do it. I think there have been occasions at other ports than this, and possibly here as well, where money

has been paid ships to go under the spouts of the elevator, simply to save a larger sum to the railroad company handling the grain, and it is perfectly natural that it should be.

Q. As I understand you, the arrangement to make this arbitrary charge was another case of equalization? A. I regard it so. The fact is, I think, that under existing conditions to-day, and they are very different from what they were when that decision was reached, that is an absolute necessity, for the reason that some roads might be able to deliver grain to ships under the spouts of the elevators and others would not, and there must be an equalization, otherwise the road that has not the best facilities would do no business, and they never would be satisfied not to do business. They will do it and take that out somewhere else, the same as any merchant will do. I think there are two or more of the railroad companies which could put grain aboard ship from an elevator directly, and probably there are four or more of them that are not in a position in which that could be done to-day.

Q. Do you know of any modification of the differential on grounds other than the cut of last January of one-half? A. I think that Mr. Callaway was substantially correct when he said that there had been no agreed variation from the 1882 arbitrated differential down to about 1896 or 1897—about 1896, perhaps—when the differential between New York and Philadelphia and New York and Baltimore on ex-lake grain was done away with entirely. By that we mean that the rate from Buffalo to New York, from Erie to Philadelphia, and from Fairport and Sandusky, I think, as well, to Baltimore, are uniform rates. The distance from Buffalo to Baltimore, Philadelphia and New York, by the shortest lines, is probably less at variance than from Buffalo to New York by the several lines to which I alluded awhile ago, and if you compute it on the ground of distance there would be equity in the uniform rate, and, as a whole, that is very largely for the shipment of solid cargoes. It was recognized that during the period of open navigation it would be necessary to equalize in that way and that was done, I think,

about 1896. Now, the only other variation was one that was done by agreement, I would say, in 1897, when the roads were struggling to get some solution of this question; when, on grain in cargo lots only, there was a concession on the part of Baltimore that they would accept the same rate as to New York. Later, in January, 1899, the final arrangement was reached, in which the three cent and two cent differentials—three cents in favor of Baltimore and Newport News and Norfolk, and two cents in favor of Philadelphia—were, by agreement of the presidents, cut in two as to grain.

Q. You mean 1899? A. Yes, sir; January, 1899. On all other commodities than grain the three and two cent differentials still apply.

Q. Does that arrangement with the Baltimore roads, whereby they charge the New York rate on cargo lots of grain, still exist? A. I think they are claiming the cent and a half differential to-day.

Q. That arrangement existed only for a short period? A. Yes, sir; it was experimental. Perhaps we ought to acknowledge that even these things, when they are agreed upon, are not absolutely true and binding under all circumstances, because there are always other elements with which the railroad companies have to deal than the rate—such as elevator charges and delivery charges of one sort or another. Commercial conditions have to be met. Though the law is complied with in making the uniform rate, it may be necessary to vary the seven-eighths, the three-quarters, the five-eighths or one-half cent which is charged for a delivery from time to time, according to the varying conditions of different markets.

Q. Are you able to say, as a result of your observation of those periods when rates have not been maintained, as to whether New York has been better off or worse off when the rates were not maintained compared to the time when rates were rigidly maintained? A. No, I think it is impossible to tell. The general principle that we always enunciate in our struggles with one another over such conditions is that when the rate is cut by one

company it is cut by its competitor, but whether the cut is always to the same extent no one knows. We only know that each concedes what is necessary to secure business, and thereby maintain conditions of free flow through the various routes. I do not believe any one could possibly tell you whether the concessions at one port at one moment are greater or less than at another. It is greater at one port at one time and less at another, no doubt.

Q. It has been suggested by some of the witnesses, railroad men, that during periods when rates are not maintained, the differential practically ceases to exist, and to that extent New York has been benefitted during those periods when rates were not maintained. A. I think you will find when you get the presidents of the roads leading to the southern outports on the witness stand that they will tell you that whenever they found the differential wiped out by their New York competitors they met it by a cut in the rate. They will not admit what you are claiming.

Q. Then, Mr. Garrett, as I understand you, all of the railroads, all of the trunk line railroads reaching Atlantic ports, although they may differ as to what should be the differential under existing conditions from time to time, are practically agreed that at any and all times the through rate shall be equalized by a differential? A. I do not think there is any difference of opinion whatever, in fact or policy, that rates must be equalized on property from a producing territory to a point of ultimate delivery. In other words, that rates must be so constructed that business can be done over all competing lines and through all ports that compete.

Q. At the same rate? A. At the same rate, undoubtedly..

Q. And when any conditions arise at any port where business can be done at a less rate than it had previously been done for, they should be immediately equalized by a new differential? A. I do not say that. I think it may be by the creation of new conditions at other ports of some character by the expenditure of money. If you should recommend to the State of New York

the appropriation of money to improve the harbor of New York, you would do it, not with the expectation that you were going to increase largely the percentage of business that New York does, but you are going to do it with the idea of maintaining the percentage New York has heretofore done and avoid diversion to other ports heretofore competitive. You know the volume of business done from this country to the other side is materially on the increase. Therefore, if you maintain your percentage you increase the volume of business. That requires the expenditure of money to do it. If you should meet that expenditure and provide additional facilities in the harbor of New York, you must acknowledge that Baltimore, Philadelphia, Newport News and Norfolk will be alive and alert to do the same thing. They may do it in the same way or in a different way.

Q. If they were enabled to do it through creating better conditions at this port, then the railroads by their agreement with each other will arrange a differential to equalize. A. I will not admit your conclusion, simply because I do not admit your premise. Your premise is not maintainable unless the conditions at those other ports are perfect. If they are perfect and cannot be improved to meet the conditions we create here, then you may be right, but that is not assumable. I do not know of any port at which the conditions are perfect for the transaction of business.

By Commissioner Smith:

Q. What is the matter with Newport News? They have lots of water there. A. I have not been at Newport News since 1864.

Q. Isn't it so that they have conditions there, ample depth of water, far beyond the present necessities, and elevators in sufficient number and of proper size and capacity to do all the business there is? A. I think your premise is at fault. While they have a natural waterway that may be ample, they will require a large expenditure of money in the construction of elevators, warehouses and the lessening of the cost of mechanical transfer as the case will be here.

Q. Assuming that the conditions in the grain business at that particular point are not as perfect as they could be made, and Mr. Ingalls is making the claims, as we have heard it, that because of the abatement of the cent and a half a hundred pounds on grain, he does not get as much business as he should, there is nothing that could be recommended or suggested by the competing roads that are obtaining that business that he could do in the way of increasing facilities, and the inference is that they might be forced to increase the differential in order to increase the trade. A. I think Mr. Ingalls' claim is that when the differential on grain was reduced from three cents to a cent and a half, the relative position of Newport News to New York or to other ports was damaged. Now if Mr. Fairchild's scheme is carried out and New York should have an expenditure of money, whether it be State or city or any other money which improves its facilities the rates remain the same, no change in the differentials. If, on the other hand, the expenditure of money is intended to reduce the rate from an initial point in the west to f-o-b this harbor, undoubtedly the rates to f-o-b other harbors competitive with it will be reduced correspondingly to maintain the conditions. If, on the other hand, you are contemplating the expenditure of money simply to make it possible for the merchants of New York, by contributing anything in labor, capital or otherwise to the exporting business, to do that business under less adverse circumstances, then it does not disturb the relative rate of the inland carrier at all. The differential question is not involved in it.

By Mr. Fairchild:

Q. I want to say that I asked that question, not solely in reference to the discussion of the position of the railroads in this matter, but as to its bearing upon other suggestions that have been made before the Commission. For instance, the leading shipping men at the port of New York, the representatives of the leading steamship lines, have made their representations before

the Commission, criticising what they term the very excessive charges imposed upon them for dock privileges at this port, and suggesting that the commerce of New York is seriously injured by those excessive charges. A. You must bear in mind that that is one of the misfortunes of our wealth. If it were not that New York had acquired great wealth so that its water front had become so exceedingly valuable, this condition of things would not be a cause for complaint. The water front would not have that value were it not that the business is there and it is there to stay, and that makes a future value as well as a present value. The export of grain through Newport News pays nothing to Newport News. Newport News does not get rich on it. All that is done to that grain is to pass it through hurriedly the bins and spouts of the elevators. Grain is a commodity that is shipped in such volume and under such economical conditions of transfer that there is no profit to the man who simply sits and looks at it going through the spouts. New York must be content in the main with profit on the large operations of grain that may pass through any port, New York, Newport News, Boston or any other port. Where business can go into a merchant's warehouse and lay there one week or six months, he can get compensation for the capital he invests and the brains he puts in.

By The Chairman:

Q. What is the cost of transfer through these spouts? A. I never owned an elevator and I do not know. You will have to get the elevator men here to tell you.

Q. They employ people, don't they? A. It all depends on the volume of grain you get. An elevator can work very cheaply if it has all the business it can do. If it only has its bins half full, and if it only has a ship coming to its spouts once a week, or less, the cost is high.

Q. Still they employ a clerical force and have office expenses? A. To the extent of the labor that is expended there it is a gain to the community. If you were to go to Newport News you would consider that the place had very little wealth.

Q. Wouldn't it be profitable to the port of New York if they had, and they do have, sections in the greater city where terminals can be placed, similar to the terminals at Newport News?

A. To create elevators and make money on the work?

Q. Yes, sir. A. Yes, sir; I suppose so. I think that elevators, as a rule, have been found to be profitable, not always, but generally.

By Commissioner Smith:

Q. Unless all the railroads terminating at this port had the advantage of equal facilities in the matter of elevators, then, according to a statement you made a little while ago, something would be necessary in the way of an equalization charge, that is, a greater charge, in order that these railroads that had not those facilities could share the business? A. The road that has the greatest facilities and can do the work the most economically, and the road which has the least facilities, and is subject to the heaviest cost in doing it, must charge exactly the same to the merchant from the time the road receives the grain into its cars from the elevator at Buffalo until it is delivered on board ship in the harbor of New York. After that it is a question of margin of profit for doing it.

Q. If the railroad that has the least facilities does make a profit, however bare it may be, and it enables the man who has the greatest facilities to impose this charge, which in that case might be construed as excessive, that is disadvantageous to the merchants, isn't it? A. My experience would lead me to believe that at no time in the recent past, certainly not to-day, is there any excessive profit in carrying grain. The rates on grain have been and are so low that the revenue per car or per ton per mile, or per train per mile, makes the rate one in which there is a questionable margin of profit. I do not say there is no profit, but I say there is no such thing as an excessive rate, has not been, and is not.

Q. Going right back to the existing conditions, it is an admitted fact that the New York Central could, if it chose, accommodate vessels at its elevator at Sixtieth street? A. I believe exactly the contrary to be the case.

Q. Why? A. Simply because they have not the water there and cannot obtain it or maintain it without a very large expenditure of money. I do not think it would pay them. I think that has been an acknowledged fact in the railroad world for years.

Q. I understood quite the contrary was the case? A. You had Mr. Callaway before you; he could have told you.

Q. You would not say that that was what drove the business from the elevator? A. I was not familiar with the conditions. I do not know whether, at any time in the history of that elevator, any large sea-going vessels loaded there. It may be that they did. If so, the docks have filled up since. These are conditions that I am not familiar with. My testimony should not be considered as of any value. They know their own business better than I do.

Q. If it is possible, and I believe you are in error in that respect, to elevate grain directly into the ships at Sixtieth street, and it is not possible at any other place in this harbor to do that, your contention——. A. Your second premise is altogether at fault.

Q. We will say some of the roads? A. I would suppose that every other road was in a position where it could make provision for an elevator the same as the New York Central at Sixtieth street.

Q. Didn't you say that if two railroad companies did have superior facilities and four did not have, that an equalization charge would be necessary because of the demands of the four that did not, to share in the business? A. I said this, that under those conditions, with two railroads having elevators that could deliver directly to the ship, and four that did not, but required a transfer, still competition would determine that the same rate would be charged the owner of the property from an initial shipping point until the grain was on board ship.

Q. By which you meant that the advantage of cheapness where an elevator existed, capable of discharging grain directly into the ship, should not be considered a factor in determining the rate? A. If a railroad owns an elevator at a place like Sixtieth street it has a very large investment of money in real estate and the works

constructed upon it. Now, it must receive a return. The company which makes a transfer without the intervention of an elevator has no large investment of money but is paying out in the cost of the transfer that which is equivalent to the interest on a large investment of money. They are different methods of accomplishing the same result, one by the expenditure of a large sum in investment, the other by expending in current work. You can not compare them without knowing what the two are.

Q. If conditions were created in this port whereby elevator facilities were so complete and perfect that ships might load right at the elevators at every railroad terminal in this port, then of course a condition would be created so favorable to this port that some kind of an equalization would be justified, from the railroad point of view, to give those railroads at the other ports, losing their business to this port, the share that they had of that business? A. If you were to reduce the rate on account of the uniformly improved facilities, I think you would simply find that the rate to the competing outports would also be reduced. I think that would be inevitable. If, on the other hand, you made this provision and maintained your rate then the advantage would result to the railroads that had made the provision and it would not go into the coffers of the merchants or owners of the grain. No matter how you deal with the question you must take for granted, as a fundamental, that the railroads to the other ports exist, that bankruptcy and foreclosures will not wipe them out of existence and that business must be put upon their rails just as surely as it is put on our rails. That we have to acknowledge in making our rates with others.

Q. Then the natural advantages of a place do not determine? A. Gradually, slowly; yes, sir. That is what brought Newport News into competition with New York. It is the advantage of putting grain through there at a minimum cost.

Q. The time will come when the natural advantages will have to be thwarted? A. That port might grow up to a city like Boston or Philadelphia, in which case some other cheap place would spring up.

By Mr. Fairchild:

Q. It comes to this, that so far as any of the suggestions that have been made, and I refer to them as the expressed wishes of shipping men, New York might as well continue to receive all that it can obtain from excessive dock charges or any other excessive charge? A. To which I answer a most emphatic "No."

Q. Because the moment that she reduces any of those charges she not only loses it to her own treasury and makes her taxpayers make up the difference, but she receives no benefit of commerce under the principle of the differential or the equalization principle, as you call it? A. No. Unless New York spends money liberally and maintains the highest ideal of port facilities, equal to the best in any quarter of the world, she will not preserve and conserve the percentage of the business of the world, of the United States, of the North Atlantic ports, that she has enjoyed in the past and is enjoying to-day. Just as surely as the Chesapeake and Ohio at Newport News is subjected to a continual expenditure of money to perfect their plant there, New York must continue to spend money and spend it most liberally here and New York can afford to do it.

Q. When she has done that, and expects a return from it in dollars and cents, aside from the benefits of commerce, she may as well get as large a return as she can; under the principle of that differential wouldn't it be to her interest to equalize the differential between New York and Baltimore and Philadelphia by charging it right here? A. I will leave that to the Legislature.

Q. And not leave it to the railroads to equalize? A. The railroads are spending money all the time here.

Q. Why would it not be the best policy for New York to itself figure out just that differential, to figure out just what is necessary to place upon commerce coming to this port in order to equalize between New York, Philadelphia and Baltimore, and to place that amount into her coffers instead of into the coffers of the New York railroads? A. After they have made that calculation and spent the money, they will have to begin a month

or a year hence and make the same calculation again and spend the same amount of money again.

Q. It would be a never ending beneficial process to her treasury? A. I am not sure anything is a benefit to New York that goes into her municipal treasury.

By Commissioner Smith:

Q. You would like to see the differential reduced? A. I would like to see the differential reduced on the same selfish ground that Mr. Callaway put it. I think on grain it ought to be reduced. I do not feel so positively sure that any reduction of the differential on any commodities other than grain should be made.

Q. If the differential, in your opinion, should be reduced, the inference is fair that it could be reduced, if you were allowed to do what you would like to do? A. As a mere matter of opinion. Mr. Smith, I have felt that less than a cent and a half differential between New York and Newport News—I only say Newport News because it is the limit on the south—would suffice to create an equalization rate from the initial point to the point of destination.

Q. Whatever the sum may be that you are willing to abate, that sum you are willing to abate, and you can therefore abate it without loss to your road? It is an offer that you are constantly making to your competitors to abate that rate? A. We are satisfied to make a uniform rate, no matter what differential it involves, whether it be two cents, a cent and a half, or half a cent.

Q. You are willing to wipe out some of the rate you are now charging? A. State your case more fully.

Q. In the matter of grain you say the differential should be reduced below what it was. Now to the extent that it should be, we will not name the sum, to the extent that it should be reduced, the New York roads are able to reduce it if the other roads would permit them to reduce it? A. Well, I would say that the reduction of the differential ought to be by an advance of the lower rate than by a reduction of the New York rate to the level of the Newport News rate. Supposing the rate were eighteen cents at one

place and sixteen and a half cents in the other. What would be the more equitable would be to advance that Newport News rate to the eighteen-cent basis than otherwise.

Q. Isn't that exactly contrary to the working out of the diminution of the differential? A. No; the differential is a reduction. The basis is the higher rate, the differential is the reduction of it.

By Mr. Fairchild:

Q. In January, 1899, when that differential was cut in half——
A. We found at the time that the southern roads had a large amount of grain on contract at the old double differential. Therefore we could only accept the split differential, half the rate added to it for New York business.

Q. In the case two years ago, when that arrangement was made by the Baltimore road to abolish the differential as to export grain in cargo lots, how was that result reached, by the Baltimore & Ohio increasing its rate? A. I think it took place simultaneously with some change of rates. It might have been at the beginning of a lake season when we were establishing rates or at the end of a war when we were patching up differences.

By Commissioner Smith:

Q. The statement has been made to this Commission that the rate could be reduced to New York, that the railroads coming to New York are charging more than is really necessary to be charged in order that those railroads going to other ports could obtain what is necessary for them to obtain in order to enable them to get business? A. If you will take up the statistics showing the cost of moving grain I think you will concur with me that an advance in the rate would be more reasonable than a reduction of it. I do not say it could not be done. You can give your profit if you want to, if it is necessary to maintain your competitive status.

Q. If it is true that it would be possible to reduce rates to New York in an abatement of the differential, and that that would not be allowed by the railroads to the south, what would pre-

vent New York State or the city of New York from levying a tax through its docks or something else, from getting the money in its treasury which the New York railroads do not need and which the railroads to the south do not charge? A. I cannot answer that.

W. H. TRUESDALE.

W. H. TRUESDALE, being duly sworn by the chairman, testified as follows:

By Mr. Fairchild:

Q. What is your full name? A. W. H. Truesdale.

Q. And your residence? A. I live in this city.

Q. And your business? A. President of the Delaware, Lackawanna and Western Railroad Company.

Q. Now, Mr. Truesdale, I will ask you a question that I asked Mr. Callaway and Mr. Garrett, as to what your views are and what the position of the Delaware, Lackawanna and Western road is regarding, first, the principle of the differential, and second, assuming that the principle of the differential is correct, what is the position of your road and what your own views are regarding the present differential as applied to present conditions? A. Well, I want to preface any statement I may make in regard to that matter by this one: I have only been connected with the Delaware, Lackawanna and Western since the first of March of this year, and for that reason I do not regard my opinion on these matters as of as much value as those of the other gentlemen, who have been connected with this eastern railway situation longer than I have. My views must necessarily, for that reason, be very largely impressions, and not well thought out opinions on the subject due to the experience that most of these gentlemen who have given you evidence have had. I have been in the railroad business for a good many years, and more or less in a general way am familiar with this differential question, as I am with many of the traffic and other questions that I have been particularly familiar with during the time that I was located in western territory.

By Commissioner Smith:

Q. Won't you please state what roads you were connected with previous to coming here? A. I was with the Chicago and Kansas City before coming here, vice-president and general manager.

Q. For how long? A. Five years. Previous to that I was in Minnesota as receiver and general manager of the Minneapolis and St. Paul. The principle, so-called, of the differential is something that I do not know. I don't know exactly what you mean when you speak of the principle of the differential.

By Mr. Fairchild:

Q. In order that you may answer that question, I would suggest that the report of the advisory commission calls attention to three principles that were presented in the arguments before the advisory commission, maintained by the different roads, upon which they based their contention in favor of the differential. One, the principle of distance; another was the principle of cost, the operating expenses of one road as compared with another; another was what they called the competitive principle of equalization. That advisory commission, in making this report, discarded almost entirely the distance principle and also the cost principle, and while they sustained the differential as it had existed up to that time, up to the time of the rate war which resulted, they sustained it almost entirely upon the ground, almost exclusively up on the argument of equalization, so that these competitive roads could get a share of the business by establishing a differential sufficient as to each port to equalize the through rate to the foreign port, and it has been testified before the Commission that it is that decision of the arbitration commission that the railroads coming to the Atlantic seaboard, the trunk line railroads follow; and as Mr. Harriott says, that is the constitution of railroads? A. That is the arbitration that was had in 1882?

Q. Yes, sir. Now, it is as to your views, or the position of your road on that principle of equalization, of making up the difference that might exist under natural conditions in favor of this

port by putting an arbitrary charge on freight coming to this port as compared with freight going to other ports, that I ask you? A. As I understand the whole history of this differential matter it was originally based on the principle that has always more or less obtained in rate making, that a lesser charge be made for a shorter distance from the same point. For instance, the original basis of this differential, as I understand it, was that the distance from Chicago, St. Louis, Minneapolis and similar points to Baltimore was less than either Philadelphia or New York, therefore the rates between these points and Baltimore should be less than to Philadelphia or New York. In the same manner the rate to Philadelphia was fixed between these points. Philadelphia had a less rate than New York, because Philadelphia was a less distance than New York from these points. I have understood in a general way that this differential has varied somewhat from time to time until it was fixed for a time by this arbitration. Taking into consideration other matters, competition and conditions generally, and what advantages one point had over another, and what disadvantages one port had as compared with others. Then, more recently, or in January, as Mr. Callaway has said, the differential on grains was reduced as a matter of compromise. After all, it seems to me, as the thing exists to-day, it is largely a question of competition between markets and the competitive railroads that reach these markets, and if the contention of one set of carriers is to obtain what seems to them, and perhaps to some other people, a reasonable request by people who are doing business with them, that they should always have a differential, that is Baltimore and Philadelphia under New York, and if the lines interested in New York say they shall not have a differential, it is only a question of wiping out your rates entirely, and finally it is a war of annihilation. It is self-evident that railroads that are competing for business in this country cannot any more ignore the interests of their competitors. These competitors which reach, perhaps, different markets or different ports cannot undertake to make their rates disregarding these competitors, than two men who live side by side, or half a dozen neighbors

on the same block who go ahead as they choose without regard to the other people who live alongside of them. It is the same condition in the railroad business as would be brought about the policy of other men in the civilized world doing as they choose regardless of their neighbors. The Delaware, Lackawanna and Western has no special interest in other ports than New York. It does some business to-day, and it has, so far as I know, for a good many years with Boston and Philadelphia, and it will probably continue to do more or less. Its large interests are in New York and if it could have its own way it would undoubtedly have the rates fixed the same to all of these ports, believing that by so doing that certain lines of business would be forced to New York, and it would get a very much larger share of the whole than it does if these outlying ports continue to do the business. But I cannot understand how that situation can be brought about, because, as explained by these other gentlemen, these railroads were built to serve those ports, some of them at least have not as large interests in New York as they have at those other ports, and they must necessarily do business there as they have been doing. You cannot dry those up, and I doubt if you did whether you could provide facilities at New York to do the business that would be forced here. If a condition of affairs was brought about that the export business of Baltimore, Newport News and Philadelphia should be wiped out, I doubt if the railroads that are handling that business there now could handle the business by New York. They certainly could not do it now. They would have to provide very much larger facilities, and that would take a great deal of time and a great expenditure of capital to do it. After all, what Mr. Garrett just said a little while ago impressed itself very strongly on my mind. There is a good deal of sentiment in this whole matter. Whether the grain actually passes through New York or some other port, it does not make so much difference except in the statistics published every year of the amount of business done. I think that if you gentlemen will go back into it, you will find that a great deal of the grain business is done

to-day by the large elevator concerns in the west who practically have their own arrangements so that they can buy the grain direct from the farmer, and they practically dispose of it to the man on the other side, who sells it to the consumer. They pass it through any of these ports, but the amount of grain that passes through Newport News, Philadelphia and Baltimore amounts to very little.

Q. You agree with Mr. Garrett and Mr. Callaway that it is a proper thing for the railroads and a necessary thing for the railroads to agree with each other in a way, so that the rate via the different ports shall be equalized? A. Well, substantially so. It is impossible to arrive at any exact figures upon that. These differentials are only supposed to approximate that and in a general way adjust the charges clear through from the point of shipment to the ultimate destination on a basis of equality.

Q. And to the extent that you or your road may or may not criticize the existing differentials, any criticism would be based upon the suggestion that the existing differentials under the present conditions do not equalize, or rather overdo in their effort to equalize between the other ports and New York? A. That is, they give the other ports an undue advantage?

Q. Yes, sir. Your criticism, if you would criticize at all, would be as to the existing rate, rather than to the principle of the differential itself? A. I cannot undertake—I would not undertake to criticize a condition that I cannot change without annihilating property.

Q. Since you have been with the Delaware, Lackawanna and Western has that road made any efforts to modify the existing differential? A. No, sir; I do not think they have.

Q. You are at present making no such effort? A. No, sir; I know of none.

Q. Are you considering the subject as to whether you will make such an endeavor? A. I cannot say that we are.

The Commission here adjourned, subject to call of the chairman.

A session of the sub-committee of the Commerce Commission of the State of New York, held at the Board of Trade, Chicago, Illinois, on Thursday, November 23, 1899, at 11 a. m., to ascertain the reasons for the declining trade of the grain traffic of the port of New York.

Present: Hon. Charles A. Schieren, chairman; Hon. Alexander R. Smith; Hon. Ben. L. Fairchild, counsel.

D. E. RICHARDSON.

D. E. RICHARDSON, being interrogated by Mr. Fairchild, answered questions as follows:

Q. Mr. Richardson, we would like to know from you about the charges in New York? A. The charges in New York, I don't know anything about them. All I can say in regard to it—what is the use of talking about it as long as I don't know anything about it; but I have a man out there who can tell you all about it.

Q. I will first ask you, as matter of record, what is your full name? A. My full name is D. E. Richardson.

Q. And your residence, Chicago? A. Yes, sir.

Q. And your business? A. I am a grain shipper, grain exporter.

Q. And how long have you been in that business? A. About 25 years.

Q. Your business as grain exporter has been here in Chicago? A. Yes, sir. We haven't been in the export business all of that time, but we have been handlers of grain.

Q. Through what ports do you chiefly export your grain? A. We export through Galveston, through Portland, Maine; through Montreal and Philadelphia and New York.

Q. And Baltimore and Newport News? A. No; not at all.

Q. Of those ports, which port do you use mostly? A. I think that probably Galveston.

Q. Is that because your grain exports—. A. Because the grain originates—.

Q. It is most largely Kansas grain, or grain within that territory? A. Yes, sir; the grain that originates in that section of the country goes by way of Galveston.

Q. And that is the grain you chiefly deal in? A. We also handle grain quite largely that originated in the State of Illinois and also Iowa, and that grain is exported largely through the port of Montreal—the bulk of the grain originating in this territory this side of the Missouri river.

Q. I suppose the reason that you export by way of Montreal grain that goes by the lakes from Chicago is because you can get a lower rate? A. Yes, sir.

Q. Over that route? A. Yes, sir. All I can say is that the grain moves by the cheapest route and there being more markets open at the gulf now, than there has been in the past, a larger proportion of the grain moves that way. A few years ago New York was the only, or I might say almost the only export market there was through which grain moved abroad, but now we have got any quantity of them, and it is only within a short time that grain has moved by way of Galveston.

By the Chairman:

Q. From Chicago? A. Not from Chicago, but from the grain belt.

By Commissioner Smith:

Q. That section that was formerly tributary to Chicago? A. Yes, sir; particularly Kansas and Nebraska. The reason why it moves to Galveston is because the point of origin of the grain is about as near Galveston as it is to Chicago, and there is really no reason why it should come to Chicago to be moved a thousand miles to the port of New York, when it has a port as near to the grain fields as the port of Galveston is. You understand, you take Southern Kansas; the grain originating there naturally moves to Galveston, because the distance from Southern Kansas to Galveston is about the same as the distance from Southern Kansas to Chicago. For that reason it goes to Galveston, where it can be put aboard the ships. Now, in regard to these other questions as to the charges in New York, personally I could not testify, but New York can not expect, and the Atlantic seaboard can not expect, any longer to move the grain from the southwest.

Q. You think there is no way that it could be brought about?

A. The geographical conditions are against it.

By the Chairman:

Q. That is, if it is moved by rail. How about lake transportation and canal? A. Well, of course I don't see any change in conditions that could be brought about that would move the grain that originates in the territory that I named.

By Commissioner Smith:

Q. No kind of canal could be constructed in the State of New York? A. That would move the particular grain that I am speaking about that originates in Kansas?

Q. Yes, sir? A. No, sir.

By Mr. Fairchild:

Q. Where would you draw the dividing line between the territory that would be naturally tributary to the gulf and that which is naturally tributary to Chicago and the great lakes? A. About the Missouri river.

Q. To what cases, if any, has your attention been called to any movement of grain towards the gulf within the territory that you would say is naturally tributary to Chicago and the great lakes? A. I don't know of any.

Q. Not at all? A. No, sir.

By Commissioner Smith:

Q. You don't know of any of Dakota's production? A. I am not very familiar with Dakota. The only territory that I know anything about is the territory south of Kansas City.

Q. South of Kansas City? A. Yes, sir, and Kansas.

By Mr. Fairchild:

Q. Has your attention been called to the element that entered into the rates as between here and Montreal and here and New York that favor Montreal? A. Why, not specifically, but the reason why the grain moves by the way of Montreal is because

it moves from Chicago to Montreal entirely by water and the charges for the transportation by water are less than can be made by the railroads and the lakes, or have been made by the railroads and the lake lines between Chicago and New York.

By Commissioner Smith:

Q. Are you dependent upon the Lake Line for the transfer of grain from here to Buffalo more largely than these what you might call tramp carriers up here on the lake? A. Oh, no. We use the tramps and we use the lake and railroad line. Of course the lake and rail lines only carry a small percentage of the grain that moves by the lake. It often times happens that we cannot move any grain to Buffalo by the regular line and then we charter what you would call tramps.

By Mr. Fairchild:

Q. Have your shipments in recent years by way of Montreal increased as between Montreal and New York? A. Yes, sir; materially.

Q. And what are the changed conditions that has brought that about? A. Well, one reason why the movement of grain has increased by way of Montreal is that they have more steamer lines by way of Montreal. The facilities for getting grain out of Montreal have increased materially during the last few years.

Q. To what extent, if any, have the improvements of the Canadian canal resulted in an increase of exports by way of Montreal? A. Well, I think the Canadian canals have of course been an important factor. Probably it is to the canals that we really owe the large increase in the movement by way of Montreal. The better canal facilities have undoubtedly—it has been undoubtedly the main reason why the movement of grain by way of Montreal has increased.

Q. Now, with the completion of those canal improvements, do you look for a still further increase of exports by way of Montreal? A. Yes, sir.

Q. To what extent, in your opinion, could that be off-set as between Montreal and New York and the old conditions restored by adequate improvement of the Erie canal? A. I don't think that I am competent to give an opinion on that because there are a great many other things that enter into that.

By Commissioner Smith:

Q. You speak of the all-water transportation between here and Montreal. I suppose there is a transshipment somewhere? A. Yes, sir; at Kingston. All our grain is run into barges and goes down the St. Lawrence river.

Q. Then it pays you to send it from here in small carriers to Kingston through the Welland canal? A. Yes, sir.

Q. Now, they will go right to Montreal, won't they? A. I suppose they will.

Q. You haven't figured that out though, apparently? A. I haven't figured that out. There is one other reason why. In the spring of the year, during the germinating season of corn when there is liability of the corn getting out of condition, we prefer to ship our corn by water because the danger of heating is less.

Q. Of course that would apply equally to the Erie canal? A. Certainly, but I was speaking of the difference between—the reason why we would ship by water rather than by lake and rail.

Q. Well, is it customary in the exportation of grain by way of Montreal to send it from here to Kingston, as a rule and there break bulk? A. Yes, sir.

Q. They do not break bulk this side of the Welland canal? A. No.

By Mr. Fairchild:

Q. Mr. Richardson, the statement has been made that shippers have come within fifty miles of Chicago and taken grain and sent it by way of the Gulf ports. Has your attention been called to any such instances? A. No. I have heard that that has been done, but of my own knowledge I know nothing about it.

By Commissioner Smith:

Q. Do you think the railroad rates on grain west of the Great Lakes are as low as they ought to be—as a fair rate, I mean, of course? A. I think that the rates are fair.

Q. You don't think they could be materially reduced to the benefit of Chicago and the traffic eastward? A. It won't do any good as far as that is concerned. If the rates were reduced, they would be reduced in the same ratio the other way. So far as Chicago is concerned the reduction of the rates from the competing territory would not help either Chicago or New York.

Q. Well, from that you mean that there is an understanding or an arrangement either implied or understood between the railroads that terminate at the Gulf and those that you might say terminate here on the lake? A. Well, very many of them—some railroads run in both directions—run to the Gulf and into Chicago and of course they have a certain basis at which their rates are made and when they change their rates into Chicago they also reduce their rates proportionately going in the other direction.

Q. Have they arrived at what they consider to be an equalization of tonnage in the rates? A. I don't understand exactly what you mean—the volume of tonnage?

Q. Yes, in a measure. A. I don't know anything about that.

Q. What I was thinking of, was this: that if the rate should be high and the conditions would exist that you suggest of a corresponding reduction to the Gulf the moment there was a reduction made to the lakes, of course there would be no incentive for the people to reduce their rates then to the lakes and I was thinking if the condition exists, perhaps there may be a restrictive influence upon production as a result of the high rates—that is to say, if the rates were lower regardless of what the railroads would do, there might be an increased production? A. That would be an impossibility to lower rates into Chicago and not change the rate in the south.

Q. No, I mean to say this, in the interest of production, if the rates are reduced between the grain fields and Chicago naturally

a larger part would be put under cultivation, wouldn't it, of grain territory? A. You mean the lower the rate ——

Q. The larger the production? A. I don't think that that would altogether follow. It would depend altogether on the price. If a farmer in putting in his seed—I presume he is governed largely by the prices made by the last crop. If wheat has been selling at a high price and corn at a low price he seeds wheat. On the other hand, if flaxseed in territory where flaxseed is raised has been bringing a large price, he puts in flaxseed. It seems to me that that is a greater factor—the price that the farmer realizes on his grain or on the production of his farm—than anything else.

Q. Of course, the location of a fertile piece of land and its accessibility to transportation will depend upon the rate of transportation? A. Why, certainly.

Q. So that if the rate is low that territory might be cultivated, and if the rate is high it would cost more to get it to the seaboard than a man would obtain for its production? A. Yes, sir; but the tendency of rates during the last few years has invariably been down and they gradually increase, and the particular territory that I refer to in this case has the advantage of so many markets that I think that they get a fair price taking into consideration the prevailing prices in Chicago and New York, for the produce of their farms, because now they are not confined alone to the market of Chicago, but they have Chicago, New Orleans, St. Louis, Galveston and all the southern ports and the prices of the product of the farms is governed by the highest prices in all those markets.

Q. But if these new railroads to the gulf are or have been making rates comparatively lower than the railroads terminating here on the lake, naturally that diverts the traffic that way? A. If it is a fact that they have been making a lower rate ——

Q. Isn't it a fact? A. I don't know that it is a fact. I think that probably as low rates have been made out of Chicago.

Q. I mean west of Chicago and into Chicago from the grain fields? A. I don't think so.

Q. Don't you think the rate is proportionately higher for the distance covered between the grain fields and Chicago than it is from the grain fields to Galveston? A. No, sir; not in the southwest. I think that the difference in the rate is about five cents a hundred in favor of Chicago from points equally distant—between the two points. The rates are invariably higher to Galveston than to Chicago.

Q. Is that the result of an agreement between the railroads or the result of the competition of many railroads? A. Well, I presume it is governed largely by the fact that when the grain arrives at Galveston it goes on board the ship and when it arrives in Chicago it starts on a journey of a thousand miles to find the ship. Of course, it is governed largely by the fact that the traffic going south will stand a higher rate of freight. As far as the agreements between the railroads and what governs them in regard to making those rates, I don't know anything about.

Q. You don't know whether there has or has not been an agreement between the railroads going to the Gulf and coming to Chicago similar or on the same line as what is known as the differential agreement between the Atlantic seaport railroads? A. I don't know anything about that.

Q. When referring to the Gulf ports you used the expression "competitive territory." Do I understand from that that you have in mind that the territory should be divided into three parts, one part naturally tributary to the Gulf, one part to Chicago, and a neutral or competitive part—is that what you mean? A. Take the territory that is equally distant between the two points—

Q. There is this large area that you would call competitive area that would be no more tributary to one port than the other? A. Certainly.

Q. In that territory in the last few years has the tendency been towards the Gulf or towards Chicago? A. Why, I think the tendency from the points that I mentioned situated at an equal distance between the two points, Chicago and the Gulf, that the tendency during the last few years has been to ship that grain to

the Gulf and that the proportion that has gone to the Gulf from that territory has largely increased during the past few years.

Q. Now, have the increased facilities at Montreal to which you have referred shown any tendency to divert the grain from that competitive territory away from the Gulf? A. No, sir; I should say not.

Q. Not at all? A. No, sir; you understand, I try to make clear that I do not regard grain that originates as near Galveston as Chicago as being in what you would strictly call competitive territory, because the physical conditions are against its movement to Chicago.

Q. And as I understand that would be because of the long trip easterly after you get here? A. Yes, sir.

Q. But referring to the territory which you call competitive territory, have the increased facilities and lower rates offered at Montreal had any tendency whatever to attract grain in the last year or so to Montreal that otherwise would have gone to the Gulf? A. I don't know that it has.

Q. Would you not anticipate that such improvements to the extent that they had lowered the rate by way of Montreal would make it easier to ship grain that way that otherwise might go to the Gulf? A. Why, of course; certainly.

Q. Your shipments you have stated by way of Montreal have largely increased since increased facilities have been accorded there? A. Yes, sir.

Q. Has that increase entirely been taken away from what went to the other Atlantic seaports—has none of it been taken away from the Gulf? A. I shouldn't think that any considerable percentage of the grain that has been taken away from the other Atlantic seaports and gone to Montreal has been taken away from the Gulf. I should not consider that any large percentage has been taken away from the Gulf.

Q. You would say that your increased shipments by way of Montreal — A. Were taken away from other Atlantic ports.

Q. Would you say that to any extent it was taken away from the Gulf? A. No.

By the Chairman:

Q. Mr. Richardson, has the grain trade to Chicago declined since the southern ports have been opened? A. I can not give you the statistics of receipts here during the last year or two. The secretary of the board could do that.

Q. Do you know whether there has been any less trade this way, that is, grain trade? A. Why, as I said in the first place, certain territory that was formerly covered entirely by Chicago, the grain from that territory which formerly came to Chicago now goes to the Gulf. So of course Chicago has lost that grain which originates in that territory from which the grain is now shipped by way of the Gulf.

Q. Is that quite a factor in the trade here? A. In some years it is—years when they have crops down southwest it is quite a factor.

Q. So Chicago must be interested in this question as well as New York? A. Certainly, Chicago is very much interested. Chicago is all the time looking for outlets, and the rates being the same from Chicago to the other side, from Chicago to Liverpool, I should say that naturally New York would get a large proportion of the grain. It doesn't make any difference to the shipper; the channel, particularly, through which it moves. It is merely a question of how much does it cost delivered on the other side, and we cannot afford in the competition between the different markets and the grain men, we cannot afford to pay any extra freight for the sake of shipping by any particular port. I have heard it stated that it was some advantage to have it go through the Hudson river and through all that beautiful scenery and territory, but we cannot make the people on the other side pay anything extra for grain that has gone through that territory.

Q. Mr. Richardson, do the port charges of New York enter into it largely? A. Everything enters into it which enters into the rate from Chicago to Liverpool. It makes no difference whether it is lake or port charges or whatever it may be. The question is, how much does it cost to ship the stuff.

By Mr. Fairchild:

Q. Everything that can be done by New York in favor of the route between Chicago and the Seaboard increases the area that is naturally tributary to Chicago from the grain fields? A. Certainly, as it increases the territory that would be then tributary to New York. What we want is every possible avenue and every possible chain through which our grain can be transported for export, and for that reason the proposition which you now have before you is of vital importance to us. We want all these different routes and channels opened up so that one competing with the other we can make the lowest possible rate on grain to the other side.

F. P. FRAZIER.

F. P. FRAZIER, being interrogated by Mr. Fairchild, answered questions as follows:

Q. Mr. Frazier, what is your full name? A. F. P. Frazier.

Q. And your residence is Chicago? A. Yes, sir.

Q. And your business? A. Grain.

Q. You are in the grain export business? A. Yes, sir.

Q. And the firm name is Bartlett, Frazier & Co.? A. Yes, sir.

Q. How long have you been in that business here in Chicago? A. I think about thirteen years.

Q. By way of what ports do you export? A. By the North Atlantic ports, New York and Boston and Montreal, Philadelphia, Baltimore, Newport News.

Q. Do you export any by the gulf ports? A. No; none whatever.

Q. Will you explain how it happens that you do not? A. Well, we have—our facilities are located in such a way and in such a manner that we are not fixed to export grain by the gulf ports.

Q. What I am getting at is—— A. We don't buy in Kansas—don't buy any grain in Kansas. I suppose we could open a house in Galveston and go into that business, or we could open a house in New Orleans and export via New Orleans, but to do that you have to have facilities of that kind to do business by those routes.

Q. It is because you don't buy in the territory that is naturally tributary to the gulf? A. No.

Q. You deal almost entirely, if not entirely, in grain that is naturally tributary to Chicago? A. Yes, sir.

Q. Now Mr. Richardson made the statement that the territory in the grain fields might be divided into three parts, one part naturally tributary to the gulf, the other part naturally tributary to Chicago, and what he termed the competitive territory. Do you agree with that statement? A. Well, I think that quite a large portion of the State of Kansas, if not the whole State of Kansas, is naturally tributary to Galveston. There are parts of Nebraska. Of course, it is just the way that the roads are fixed. Take a road like the C., B. & Q., and their main terminals at Chicago, of course they go to St. Louis, but they want to bring that business here, if possible, from all that territory. The Northwestern is situated similarly. They want to bring their grain here, while the Santa Fe road has got a terminal at each end. That is, they come to Chicago and go to Galveston, so they would naturally take their Kansas grain, and probably as soon have their Kansas grain go to Galveston as to bring it here, and the Illinois grain this side of Kansas City, they would bring it here. Now, if the markets—the export demands are light, and the markets are getting a little out of line, why, of course, Chicago draws from that Kansas territory, in here, and they can't export, and, of course, facilities at Galveston are not very much. They don't want to ship it down there unless they can sell it, so it comes into the great big speculative market of Chicago; but when there is a good demand for export, and the markets are all on a legitimate basis, then that Kansas grain naturally goes to Galveston.

Q. Then you would enlarge the limits of what you would call the competitive territory beyond what Mr. Richardson said when he stated that Kansas was tributary almost exclusively to Galveston? A. Well, I say the same thing. I say that Kansas is tributary to Galveston.

Q. But you suggest that there are other conditions that will bring grain from there? A. Oh, yes, sir.

Q. So that it is not exclusively tributary to the gulf? A. No.

Q. To that extent you would extend the boundaries of the territory that would be under certain conditions tributary to Chicago? A. I say naturally is tributary to Galveston and the gulf ports. Now, the Illinois Central, they have two terminals, Chicago and New Orleans, and when there is a good export demand they come up here within fifty miles, probably, of Chicago, and take that grain to New Orleans. Of course that varies on account of the tonnage, the ocean freights, and the amount of vessels there in New Orleans. There was some freight taken the other day at New Orleans for Liverpool at the same price as New York freight on the same day.

By the Chairman:

Q. Do they have the same berth rates and accommodations in New Orleans as they have in New York? A. Oh, no.

Q. Not as good? A. No, but I just happened to speak of this as this happened to be an instance.

Q. It was a tramp steamer, no doubt? A. Well, I don't know whether it was a tramp. It was a full cargo, but it happened to be that they waited, you know—there has been a very light demand lately—and they waited until the last minute, and they took advantage of it and got a very low freight.

By Commissioner Smith:

Q. Unusual conditions? A. Unusual conditions. Of course New Orleans freight ranges quite a little higher than New York.

By Mr. Morton:

Q. Now, Mr. Frazier, in this connection, a great deal of the grain that goes from New Orleans goes on ships that carry cotton at the same time? A. Yes, sir.

Q. And thereby they are enabled to take grain at a lower rate? A. Yes, sir.

Q. Practically all the steamers that come to New Orleans are tramp steamers—don't you think so? A. Well, yes.

Q. They have no regular steam lines as they have in New York or Boston? A. Yes, they have some regular lines, but I think the bulk of them are tramps. Of course, I always looked at a tramp steamer as a steamer that takes a full cargo of one kind of grain, but in New Orleans they divide it up, cotton and grain.

By Commissioner Smith:

Q. There must be regular lines there to accommodate the business that the Illinois Central should bring, because they must have some regularity of shipment from there—their terminal? A. I am not so familiar with it. There is a French line that runs there, and there is a German line.

By Mr. Fairchild:

Q. Mr. Frazier, as to your business going by way of the Atlantic seaboard, what proportion, can you state, goes by the respective ports, commencing with Montreal and Boston and New York at the present time? A. Well, of course, that varies, you know.

Q. The last two years take the average, what is the general proportion? A. I should say that we had exports via Montreal about five millions this year and about the same amount last year, and I should say via Boston we had exported ten millions and in New York city we didn't do but very little ourselves direct. We sell a good deal of stuff that goes to other exporters, but we don't do very much direct.

Q. How about Philadelphia and Baltimore? A. We do a little—very seldom at Baltimore.

Q. Your exports are chiefly by way of Montreal and Boston? A. Yes, sir.

Q. By way of Boston about double the amount by Montreal? A. Yes, sir.

Q. Is that a change in practice or have you always shipped by those ports? Has it always been true that you have shipped very little by way of New York? A. Yes, sir, but still it is the same thing. We will put probably fifteen millions of grain at New York to other people.

Q. Have you any knowledge as to the grain that you sell to other exporters as to where that goes—by what port? A. By New York.

Q. Will it all go by New York if you sell it to a New York exporter? A. We might offer it to some foreign port.

Q. Would you know whether such grain went by way of Montreal? A. We know because we make our own freight arrangements. We know if we sold it c. i. f. New York that the New York exporter would ship it from New York.

Q. The grain you refer to is sold in New York and goes to New York? A. Yes, sir.

Q. To what extent do you sell grain to exporters c. i. f. Liverpool, as compared to the amount you sell to the exporters to go to New York? A. I don't think that I can give the figures. We sell a good deal both ways.

Q. I mean proportionately, relative proportion one to the other? A. I suppose we sell more c. i. f., Buffalo and New York, than foreign ports. The bulk of our grain that we sell abroad we sell direct.

Q. And that goes by way of Montreal or Boston, as a rule? A. As a rule.

Q. Now, will you state why then you shipped by way of those two ports and do not ship but very little by way of New York? A. Well, New York is a port that to do that business you should have your own house—that is, the spot freights are generally a little less than the future, and as they have a stock of grain in New York all the time, the vessel people do not contract ahead as much as they do in Boston and Montreal. Boston carries no stock of grain, and they have to provide themselves with freight 30 and 60 days ahead, and the same way in Montreal. There is no grain carried there to amount to anything, and they make rates to take the business ahead, while New York holds off and waits for spot freight, and it is rather necessary for a man to have his own house there to be right strictly in it to do an export business at the port of New York. There are times we get in and make a deal and put quite a lot of grain through New York, but not steady.

Q. Are there any other conditions as between Montreal and Boston and New York you might suggest that give you better facilities by way of the other two ports? A. It is more to our advantage to ship goods where we can get cheaper rates, as in Montreal and Boston. The terminal charges in New York, as Mr. Richardson stated, cut a great big figure. There won't any one pay us any more to go by one port for another. One-eighth of a cent a bushel turns the business.

Q. The reason you ship by Montreal is because you can ship by way of Montreal cheaper? A. The trouble with you people down there, you are still handling grain in the basket, the same as you were forty years ago. You are very similar to Liverpool.

By Commissioner Smith:

Q. Will you explain a little more specifically what you mean by that? A. I mean to say that you have got no terminal facilities. You take, for instance, the White Star Line. They will come in and pay a big price. I believe they rent their dock from the city of New York and pay a big rent. Everybody has to bring the grain right to them, and has to bring most of the merchandise to them. You go down in New York harbor, around at the dock, and you will see these little dinky boats, running around with eight thousand bushels of wheat, skipping all around, instead of going to some point, as they do in Boston, and load their freight and take on their grain and other freight. Boston ships come right alongside. Certain lines run to Boston, and you will have certain lines to Fitchburg. They unload their freight, and take on their grain and other freight, all at the same dock, while in New York it is chasing around.

Q. Which means a large expense? A. Large expense.

By the Chairman:

Q. How large is that expense—what difference, Mr. Frazier? A. Well, the charges— $1\frac{1}{4}$ cents a bushel.

Q. They have reduced that to three-fourths, haven't they? A. They have got so many charges down there——

Mr. Norton—Weighing and transferring and taking it into those boats and transferring it to the steamer.

By Mr. Fairchild:

Q. Then I understand that there is no such thing as an exporter from Chicago by way of New York having an arrangement with the International Elevator Company there, by which they get a rebate on the $1\frac{1}{4}$ cents? A. I think we have had a rebate there at times. I don't know whether we have one there now or not.

By Commissioner Smith:

Q. There are times when they make such inducements to you?

A. Yes, sir.

Q. Is it true that the Brooklyn Wharf and Warehouse Company give a rebate on storage? A. Well, I don't think we have ever had any rebate from them.

By Mr. Fairchild:

Q. Here is a letter from the attorney of the International Elevator Company—for both services, transferring and forwarding, the International Company charges three-fourths of a cent a bushel. Is that not your experience that that is the charge at the present time? A. I wouldn't state. I think we have had something of the kind. Whether we have it now or not, I don't know.

Q. I judge from your statement that you would consider $1\frac{1}{4}$ cents an excessive charge for the services performed. What would be your opinion as to three-fourths of a cent for the services performed? A. Well, take the Illinois Central to-day for a basis. They make a rate to New Orleans and they own the facilities down there, and that rate covers putting that grain aboard the steamship. That is one of the gulf ports.

Q. And the New York Central owns a grain elevator at New York, but if you want them to put it aboard a steamship they charge you a cent more per bushel than if you have them perform the lighterage service? A. The New York Central, they couldn't get a vessel up there to load. They couldn't load the steamer at their elevator.

Q. They could arrange the facilities by dredging? A. Yes, sir; but there seems to be some reason why those people don't want to do that. I think the Erie people are in a position to load a full cargo steamer there. I don't know whether it is some agreement or the other roads haven't got ready or what is the reason. The steamers at Baltimore—nearly all the steamers are loaded at the elevators and at a very reasonable charge, and the bulk of all the steamers are loaded at Philadelphia right direct, and at Newport News they are all loaded, while there are none, practically none, in New York.

Q. You consider it, then, a great advantage to New York if an arrangement was made whereby a regular steamship line used the docks there at the New York Central elevators as a similar situation exists in Boston between the Fitchburg and the regular line? A. Yes, sir; I do.

Q. And to the extent that that would increase facilities by way of New York, and lower rates by way of New York, it would to the same extent increase the area naturally tributary to Chicago of these grain fields, as between Chicago and the gulf? A. Certainly; the lower you get the rate down the more business we can draw.

Q. You refer to the elevator and lighterage charge. Has your attention been called to any other charges that affect the transportation by way of New York in your efforts to ship in that direction? A. Well, I think it is largely in the terminal charges, and, of course, the differential that is allowed New York—that is, the differential that is allowed Baltimore and Philadelphia.

Q. As against New York? A. Yes, sir.

By the Chairman:

Q. Boston has the same differential? A. Not on export business. The Boston rate is the same as the New York, and the Baltimore is a cent and a half less, and it used to be free.

By Mr. Fairchild:

Q. Mr. Schieren's suggestion is that although the Boston and New York rate is the same, you still find it cheaper to ship by

way of Boston? A. Yes, sir; because the ocean freights are generally less via Boston than New York.

Q. You say it is three cents less via Baltimore? A. I say it was until recently. It is changed now to one and one-half cents. The large business done out of Baltimore is the tramp steamer business. It don't make any difference what port the steamer loads at, they make the same rate.

By Commissioner Smith:

Q. For ocean transportation? A. Yes, sir; so that if they won't make any less rate at New York than Baltimore, you have a one and one-half cent less rate. You see that you can not load a tramp steamer in New York.

By Mr. Fairchild:

Q. What advantage can it possibly be to New York to lower their port charges or reduce the rental they impose for the use of their docks by this regular line if the railroads attempt to equalize by making up the difference of what has thus accrued in favor of New York by a differential agreement? A. Its port charges shouldn't be any higher than Baltimore. Are they?

Q. The railroad presidents, I understand, in New York testified in support of the principle upon which the differential agreement was based, and in answer to a question that if New York, by large expenditures of money and by reduction of all port charges, reduction of rentals for the docks to the regular liners, should create conditions in New York still more favorable to New York, and that much more favorable, that to measure in dollars and cents would make a difference instead of two cents between New York and Philadelphia, of six cents in favor of New York, the railroads should immediately make up that difference by increasing their differential. A. I think the railroads are anxious to do something in New York. They want business to go that way.

Q. The president of the New York Central stated that if the Boston elevator deal was consummated they would have as

much interest in shipping by way of Boston as New York. A. Possibly that is so.

Q. That their interests would be equally divided between the two ports.

By the Chairman:

Q. Do you find the facilities for berth rates in Boston equal to New York? A. Well, they don't have as many lines running out of there. For Liverpool it is just as good or better.

Q. Do you find that they make concessions to Boston for shipping by berth rates? A. The rate generally is a little lower from Boston than New York.

Q. A little lower? A. Yes, sir.

By Mr. Fairchild:

Q. Have your exports by way of Montreal been increased compared to previous years? A. They have increased in the last two years.

Q. And that is the result of the increased facilities that have been accorded shippers at Montreal? A. Well, that has been largely the reason of the Canada Atlantic going into that business, building an elevator at Parry sound and one at Quito Point on the St. Lawrence river. They went into the export business and put on a line of boats running from here to Parry sound, and made very reasonable rates, and we have been at a disadvantage by the other routes because a great many small vessels that used to tramp—lake boats that used to be of a size that would go through the Welland canal were leased and sold to go to the Atlantic seaboard a year ago, something like forty of these small boats, and we have been very short of tonnage by that route—Montreal, Kingston and the St. Lawrence river. The bulk of the grain has been going by Parry sound.

Q. Isn't it true that during the past season a large part of the grain that went by Parry sound and Montreal has gone by Parry sound and from there to Boston? A. Not for export.

Q. I mean for export? A. I don't think they have taken but very little by way of Boston for export.

By Commissioner Smith:

Q. You are well enough informed to be positive on that point?

A. Well, I know we gave them a very large amount of business in Parry sound, and I don't think we have ever given them more than one or two small lots to go to Boston.

Q. After it leaves your hands do you know where it is shipped from? A. Yes, sir; I know.

Q. The reason I ask is that in Montreal we were told that the shipments by way of Parry sound and through Montreal were very much less this year than last year, and that they had increased very largely by way of Boston—— A. How is that?

Q. That instead of the business going by way of Montreal—from here through Parry sound and to Montreal—that when it gets to the other end of the railroad route it keeps right on by rail to Boston instead of being put into barges and taken to Montreal? A. They have had quite an increase in what they call their New England domestic business this year over last, but they have not decreased their export business, I don't think, any.

Q. From Montreal? A. No.

By Mr. Fairchild:

Q. That was so stated in Montreal? A. I don't think Montreal has done as much business as it did last year.

By Commissioner Smith:

Q. That is what they claimed, that the reduction was from the Parry sound route? A. No, I don't think it is so much as from the other route, and losing those small barges.

Q. They spoke of the barges from Quito Point to Montreal, the absence of the barges carrying grain down there which was so conspicuous a feature during last year. A. I think the loss comes from the small boats that went over to the Atlantic seaboard a year ago. It has been pretty hard work to get boats. There are scarcely any boats now left that go down there.

By Mr. Fairchild:

Q. Our attention was first called to that by the captain of the steamer going down the St. Lawrence. He stated when we passed Quito that the year previous the barges waiting for grain were in large number around there, one waiting for the other, blocked because of the number, and that this year going up and down the St. Lawrence it was an unusual thing to see a barge there. When we arrived at Montreal we asked some questions as the result of that remark by the captain of the vessel and we were then told in Montreal that a large part that year of the Parry sound grain instead of being transferred at Quito went to Boston? A. I think we have shipped more by Parry sound this year than last.

By Commissioner Smith:

Q. And through Montreal? A. No, I don't think we shipped as much as we did last year.

Q. You mean there was a domestic business by way of Parry sound? A. You couldn't get this transportation to Montreal. The loss of these thirty or forty steamers that could go through the canal gave us so little tonnage and threw the business on the Parry sound route, and, of course, they were pretty firm in their rates. They were not obliged to come down and meet the competition, as they were getting a good deal of business.

By Mr. Fairchild:

Q. Do I understand you that your business did go to Boston this year? A. No, our own business went to Montreal. Other people shipped that route. The Canadian canals now are lengthened, or will be next year, and I don't know but what they are at this minute. They will take the same size steamer through their canals as can go through the Welland canal.

By Commissioner Smith:

Q. How many bushels is that? A. Well, I think they can build steamers that will carry very close to 100,000 bushels.

Q. Aren't they building such steamers? A. I understand that the syndicate that is going to build this elevator in Montreal have also ordered——

Q. You anticipate that that improvement of the Canadians will take still larger shipments of grain by way of Montreal? A. No doubt of it. I think it is one of the greatest improvements that have been made.

Q. Do you consider that there is anything that New York can do to offset that? A. Yes, sir.

Q. What is that? A. A barge canal.

Q. How large a barge canal do you favor? A. Well, I should say that about ten feet of water.

Q. Have you any particular size of craft in mind? A. Oh, about 50,000 bushels.

Q. 50,000 or 60,000 bushels? A. Yes, sir; 50,000 or 60,000.

Q. That is six times as much as at present? A. You can get along with little less. You probably can get along with less water than ten feet, nine feet. If you had nine feet of water probably then by lengthening your locks and a good many of them are lengthened, as I understand, you could get a thirty to forty thousand bushel barge through it.

By Mr. Fairchild:

Q. You consider that the only salvation of New York is the adequate improvement of the Erie canal? A. I do.

Q. Improvement to the extent that will give New York the fullest practical advantage of the lake transportation? A. Yes, sir.

Q. And the ever-increasing facilities of lake transportation? A. Yes, sir. A ship canal, I don't think, would be of any practical advantage, to deepen that large enough for an ocean steamer. They could not afford the time it would take to come here—the slow time it would take passing through the Erie canal. There would be too much expense.

By the Chairman:

Q. The construction of vessels is somewhat different for ocean than lake traffic? A. Well, we have only got here now about eighteen or nineteen feet of water. The tramp steamers draw about twenty-five—twenty-three to twenty-five, and the new big liners, freight boats, draw about twenty-nine—twenty-eight and a half to thirty feet when they are loaded full, coal and all.

By Commissioner Smith:

Q. Do you think, Mr. Frazier, that if the improving of the New York canal should conform to about the same proportionate size vessels using it after the improvement as was the condition between the competition of the Erie canal and the Canadian canals before this improvement—do you think if we should establish the same conditions or proportions again that that would about do the business? A. Those boats only carry about 15,000.

Q. Down the St. Lawrence? A. Yes.

Q. I don't know; I was going to ask you. A. I think so.

Q. I think they carry more. A. They did last year, but before that they carried about 15,000.

Q. If we were to establish conditions that would be proportionately the same — A. It seems to me the difference between the fifteen to thirty would not make so very much difference in the cost of the improvement of the canal. All the talk I have ever heard down there was not less than nine feet of water. You have six now, haven't you?

Q. Seven feet, six feet of draft? A. You load six feet?

Q. Yes. A. When you come to add on three feet more it would make a big difference and, of course, the locks would be lengthened.

Q. You know the boats go through in pairs. A. Yes, sir; I know. Can they go through all the locks?

Q. No, sir; they have to break up in five or six places. A. If those were lengthened so they could, those that are short, where they could all go through and had nine feet of water, wouldn't a barge carry about 30,000 bushels?

Q. The improvement contemplated by the so-called nine million dollar act—it was intended that that improvement should increase the carrying capacity of vessels 64 per cent. Instead of 240 or 250 tons as now, or 8,000 bushels as now, it would mean 400 tons or 410 tons, so the maximum increase would not be more than between twelve and thirteen thousand bushels? A. You take the two boats together which will go through all your locks but five or six and those still larger ones will carry about 9,000 bushels—that is, 18,000 bushels go through in those two.

Q. Not now. A. Going through all but five or six of those locks.

Q. That condition is not altered in any degree by the lack of lengthening the other locks. The boats go through in pairs and the length of the locks enables them to continue in pairs. They will go right straight through without a break at all. A. All right. If you lengthen out all the locks so that they could go through in pairs then a long boat made the length of two could be made to go through?

Q. It could be, but it would not accomplish any more than two boats, really. A. I don't entirely agree with you on that.

Q. The width of the lock would have a great deal to do with it. A boat 200 or 215 feet long and only 17 or 18 feet wide would be a misproportion, you know, in marine architecture. A. How is the width of those; can't they be built any wider?

Q. Not unless they enlarge the width of the lock. There are suggestions of making the locks twenty-six feet wide. There are suggestions in that respect. A. I should think that you would want to have a canal barge—a canal there that at least a 30,000 bushel boat could go through.

Q. One boat? A. Yes, sir.

Q. Or would you say one pair of boats? A. No, I would say one single boat.

By Mr. Fairchild:

Q. That illustrates the great stride that Canada has already made in the improvement of its canal. A. Yes. There is no use of doing a thing halfway and accomplishing nothing.

By Commissioner Smith:

Q. You think that would restore to New York the advantage that it previously possessed? A. I do, and I think that in addition to that a large elevator should be built in New York where these boats can be unloaded and not be laying around there waiting for an ocean steamer to come in.

By Mr. Fairchild:

Q. You think they should provide a freight terminal? A. Either that or some private enterprise do it. If you deepen your canal and widen your lock so that a boat can be built of fair size, there would be plenty of money and enterprise that would build boats.

By the Chairman:

Q. The Brooklyn Wharf and Warehouse Company claimed that they can take charge of all grain that comes at a very moderate charge. That is their claim. Is that a fact? A. I don't know. I presume so. They probably will have to do something. I doubt if they can pay the interest on their bond.

By Mr. Fairchild:

Q. Do you mean to suggest that such an improvement of the Erie canal would result in the grain men of Chicago themselves furnishing facilities for handling grain at New York's port? Do you think that such an improvement would induce the Chicago grain men themselves to do that? A. If they could see any money in it.

By Commissioner Smith:

Q. Do you think they could see any money in the improvement you suggest? Would it be your idea that there would be money in it sufficient to induce them? A. I think so.

By Mr. Schieren:

Q. You consider the charges for the elevators too large? A. At New York?

Q. Yes. A. Three-quarters of a cent?

Q. Well, they claim three-quarters. A. Well, I think that could be reduced.

Q. At a profit? A. Well, I don't know how much money they would make. It is according to how much business they do.

Q. If they reduce the charges, wouldn't that bring the business—wouldn't the business go there? A. They would have to compete with what they do at other places. If Baltimore charged half a cent then New York would have to charge half.

By Commissioner Smith:

Q. If Baltimore doesn't charge anything and New York charges three-quarters of a cent, Baltimore would be at a big advantage, wouldn't it? A. Yes, sir; if Baltimore is giving away elevator service New York will have to do the same to compete.

Q. They claim in New York that the elevator charge is maintained at the other ports just the same as it is at New York. Even the grain shippers themselves allege that is so, that they pay one and one-quarter cents at Boston, Baltimore and other places.

Mr. Norton—At Boston, Philadelphia and Baltimore the railroads own the elevators.

Commissioner Smith—They rent them out, lease them.

The Witness—In Boston I think they are absolutely maintained, but in the other ports I don't think they are.

Q. You are in a position to know, Mr. Frazier? A. Well, I don't care to state.

Q. If a railroad owns an elevator it doesn't seem to make any difference? A. This year—I will state, too, that this year has been an unfortunate year, in a way, for Chicago and the lake traffic on account of the great demand for ore and the high rates of freight. Those large steamers can probably carry grain from here to Buffalo and make a profit at a cent and a quarter a bushel. The rate now is two and a quarter cents and has been three and a half.

Q. Of course that is abnormal as compared with the rates of the last several years—quite abnormal, isn't it? A. If the canal

was deepened I should say these barges could carry the grain at a profit from Buffalo to New York at one and one-half cents.

Q. What do they charge now? A. Oh, I don't know.

Mr. Marcy—I believe they are asking four cents to-day—three and a half.

The witness—I should say that the rates should be made on a paying basis from Chicago to New York, including everything, at pretty close to three cents a bushel.

By Commissioner Smith:

Q. And what do you think would be the rate between here and Montreal with the new canal? A. Well, it might be a little less, wouldn't it, George—two and a half?

Mr. Marcy—No.

The Witness—You think three would be about it. Yes; I think three would be about as low as they could go.

By Commissioner Smith:

Q. Then they would be establishing a rate that New York would have to make? A. Yes, sir.

By the Chairman:

Q. Then New York would be the most advantageous port to ship on account of its facilities? A. I think so if you can get through there all right. I don't see any reason why it wouldn't be.

Q. You stated that there was a sort of a conglomeration in New York in the harbor, etc., that railroad facilities were superior to the facilities that we have in New York. The trade in New York consider that the New York facilities are superior, that a boat can be loaded quicker and unloaded quicker than if it had railroad facilities. A. That is something that does not interest us particularly out here, whether it takes a few hours less or not, but it is a question of that one-eighth of a cent per bushel. We have a fellow in Liverpool that makes us a bid, and whichever route is the cheapest that is the route that takes the business.

Q. A few days don't make much difference between here and Liverpool? A. No, sir.

J. H. NORTON.

J. H. NORTON, being interrogated by Mr. Fairchild, answered questions as follows:

Q. Your full name? A. J. H. Norton.

Q. Residence Chicago? A. Yes, sir.

Q. Business grain exports? A. Well, grain shipping, grain dealer and shipping, commission merchant and grain shipper.

Q. How long have you been in that business here? A. A little over thirty years. I will qualify that by saying I have been in the grain business thirty years; more particularly in shipping the last ten years.

Q. You do export grain? A. We ship grain for export. A large portion of our business lately has been shipping grain to New York which has been sold to exporters there.

Q. In shipping grain for export your attention is called to the seaports by which the grain is exported and also to the reasons why those particular seaports are selected? A. Yes, sir. There is no settlement of the grain business. It goes abroad on whichever route is the cheapest. I think that is well established.

Q. And your attention has been called to the elements that enter into the cheapness of one route over another? A. To a certain extent; yes, sir.

Q. What has been your experience regarding the shipping of grain by the other Atlantic seaport compared to Montreal and then by way of the Gulf, compared to the Atlantic seaports? A. I have had no experience in shipping grain by the Gulf and I have no actual knowledge about that. Our shipments have been mainly via New York or Boston.

Q. Not by way of Montreal? A. Very little by way of Montreal, but I have had occasion to look into the Montreal route this last season because we have found that we could not compete with shippers who were shipping by that route.

Q. If it is true that you cannot compete with shippers shipping by that route, how is it that you, in such competition, do not ship

by way of Montreal? What is the nature of your business that leads you to choose other ports? A. I say, I have been looking into it and expect to do business that way next season.

Q. You expect next season to ship by Montreal? A. I have done very little by Montreal, but I shall be compelled to or go out of business.

Q. Will you explain what those elements are that enter into the question of shipments by way of different ports that lead you away from New York to Montreal? A. Well, to start with, practically all the business I have done in the way of shipping is grain. After it gets on to the lakes, mainly Lake Michigan—just repeat the question please?

Q. What are the elements that favor Montreal and that are inducing you to leave New York to go to Montreal? A. Well, as Mr. Frazier said, as I understand it—I don't know from practical knowledge, but you will probably get that from some of these vessel men—a great many of the smaller sail vessels on the lake, which were those that went on Lake Ontario and through the Welland canal, a great many of these boats have gone to the Atlantic and gone into the coast trade, so that they year there has been comparatively fewer boats offering to take grain to Lake Ontario ports than heretofore. In this connection I might mention that this Canada Atlantic line has bought three or four large steel steamers for their business within two or three months.

Mr. Marcy—I know that they have closed on two and figuring on two more.

By Commissioner Smith:

Q. They don't go into Lake Ontario at all with that grain? A. Well, they go to Parry sound.

By Mr. Fairchild:

Q. Heretofore they have chartered vessels, have they not? A. Well, I couldn't say as to that. To me it is comparatively a new route that has come up within a year or two.

By Mr. Marcy:

Q. It interfered with the business that you have up to the last few years via New York? A. Yes, sir.

By Mr. Fairchild:

Q. Your business has been transacted chiefly via New York? A. Yes, sir.

Q. You found that you had been a loser by shipping via New York and that you have lost to your competitors who have shipped by way of Montreal? A. Yes, sir; my business has diminished this year for that reason.

Q. And that has resulted in your determination to ship by way of Montreal? A. Because 'it is evident to me that is the cheaper route. I must ship by the cheapest route.

Q. What are the elements entering into the facilities at Montreal that make that the cheaper route, that you have discovered from looking into it? A. Of course it is transportation from Chicago to the seaboard and from the seaboard to the foreign ports. To go back a little, I think it is well demonstrated by the experience of the past twenty years that the larger a vessel the cheaper it can carry grain. I think that is well settled and well conceded.

By the Chairman:

Q. That is the reason they are building the big ocean steamers? A. Well, our lake carriers too, and to go a little farther—I won't answer your question, but I will anticipate you a little—it seems to me that New York's salvation is to enlarge, and very materially enlarge, the Erie canal.

By Commissioner Smith:

Q. You think by doing that, it would offset those advantages which you now find are greater at Montreal? A. It seems to me that is the only inference.

By Mr. Fairchild:

Q. The improvements—the elements that have entered into the cheapness of Montreal have been the improvement of Montreal's canals, the enlargement of the vessels going to and from Montreal's ports which enlargements would at best to an extent include a contemplated improvement of the canal? A. That is as I understand it.

By Commissioner Smith:

Q. You haven't examined in detail what different things make up those rates? A. I only know from general information.

Q. That is a thing we would like to know, Mr. Norton. A. I haven't investigated the matter, but it seems to me that the Canadian Atlantic line is the greatest competitor that New York and other seaboard ports have to fear.

By Mr. Fairchild:

Q. They should fear that more than the new Canadian canals? A. Perhaps both together, but that immediately. This system I understand are about building a railroad to Quebec. They will then take the grain to Parry sound and by their railroad to Quebec. They now take it to a point a few miles above Montreal and there transfer it to barges. Then it goes to Montreal and is transferred to the ships, but I am informed that they are about building an elevator at Quebec when they will take the grain direct from Parry sound to Quebec by rail.

By Commissioner Smith:

Q. Is that an old established railroad from Parry sound to Quebec? A. That is not built yet, I don't think.

Q. Instead of using river transportation they are going to use rail? A. I understand that is the scheme; yes, sir.

Mr. Marcy—Instead of loading at Montreal they load at Quebec and by doing that they make a cut off at Quito Point.

The Witness—It saves that extra transshipment.

By Mr. Fairchild:

Q. When Mr. Frazier was testifying you referred to the question of the port charges, one and a quarter cents at the different ports. Have you yourself shipped any by way of Philadelphia at any time? A. I have shipped grain to Philadelphia, but I have never shipped it for export via Philadelphia. There seems to be a disposition in both Philadelphia and New York that the export business shall be done through local houses there and they have declined to give us through rates and through bills of lading.

Q. New York? A. No; Philadelphia and Baltimore. Through New York and Boston we can do that.

By Commissioner Smith:

Q. To get back a moment to the subject we were just discussing, doesn't it occur to you that it is a remarkable thing that it would be profitable to construct a railroad to Quebec to make this connection to avoid the cost of one transshipment in view of the fact that at this particular time a change has been made in the canal system of Canada whereby boats can load to fourteen feet instead of nine feet? I mean to say this, isn't the advantage of five feet more of draft in the Canadian canal from Quito to Montreal or Quebec and with the more improved and increased size of barges available sufficient to prevent the construction of a railroad to avoid just the cost of transshipment? A. Well, there may be something in that, but you know when you get grain into the car and the train made up, the additional expense for going a few miles further——

Q. A few hundred miles. A. —— is not so great in proportion as it is for a smaller distance. I don't know why the Canada-Atlantic is trying to compete with Montreal. I suppose they will be able to get a trifle lower freight.

Mr. Marcy—The Intercolonial is the Canadian Government road. The Canada-Atlantic is also subsidized by the Canadian Government. The two of them want to work together. The Intercolonial has always had to work with the Canadian Pacific.

get their stuff at St. Johns and give up a portion of the large haul. The two are going to connect at Quebec and use the Quebec route largely for a winter route and get down to Halifax. The Inter-colonial intends to ship a large export business out of Halifax in competition with the Canadian-Pacific at St. Johns. It is a fight among the Canadian roads to get the best of each other. Quebec is open about three weeks longer than Montreal in the fall and opens three weeks earlier. Therefore it has the advantage in that way.

By Commissioner Smith:

Q. Do I understand from what you say that they won't use it in the summer? A. No.

By Mr. Fairchild:

Q. I want to find out, Mr. Norton, whether you have ever yourself had any experience in shipping by way of Philadelphia and having the railroad include in the through rate the local charges at Philadelphia? A. No; as I said before I have never shipped any grain from Philadelphia.

Q. And you haven't had any such experience either as to Baltimore? A. No, sir.

Q. So that your suggestion as to the abatement of the local charges by the railroad or the railroads including it in the through rate is from hearsay? A. Yes, and from impressions.

Q. Do you know the situation of the grain elevators in Philadelphia, as to how they are controlled and operated? A. Not positively; no. I understand they are—in Baltimore I think the Pennsylvania system is rented to one firm and the Baltimore & Ohio system to another firm. It is only hearsay.

Q. Have you any connections with New York houses that enter into the fact that you have shipped so largely by way of New York? Is it the nature of your business? A. We have an office in New York.

Q. You have an office of your own? A. Yes; we look after our shipping business.

Q. The nature of your business would naturally cause you to ship the grain by way of New York? A. That would be my preference; yes, sir.

Q. Who manages your office in New York? A. A man by the name of Munn; formerly a man by the name of John Allen who died about two years ago.

Q. I assume that because you deal in grain from territory naturally tributary to Chicago and do not deal in grain tributary to the Gulf—that you ship not at all by the Gulf? A. Yes, sir; as I said my shipment is confined almost entirely to grain after it has arrived at Lake Michigan.

Q. Have you found that the area naturally tributary to the Gulf has increased and the area naturally tributary to Chicago diminished—the grain fields? A. Well, from my positive knowledge I don't know anything except by observation. I think the Gulf ports have attempted to draw grain that at one time was shipped to Chicago; from certain portions I am positive of it, certain portions of Nebraska.

By Commissioner Smith:

Q. You look upon that as a permanent loss to Chicago? A. If it can be moved cheaper by the Gulf it will go that way more than by New York and the Atlantic ports. I believe this, that if New York were to enlarge the Erie canal probably not so much as the Canadian canals, but something to compare with them, that much more grain would go east via New York because it would be taken so much cheaper than it is now. I believe that grain can be taken from Buffalo to New York, corn for a cent a bushel in barges that would carry 40,000 to 50,000 bushels. When you get it in New York it costs no more to tow a barge carrying 40,000 or 50,000 bushels than one carrying eight and no more men employed on the barge. In other words, the larger the carrier—is the same principle on the lakes, and must apply on the canal—the larger the carrier the cheaper the drawing can be done.

Q. Then you consider that any effort New York might make in the direction of enlarging the Erie canal or terminal facilities

at New York that would cheapen exports by way of New York, would not only bring grain to New York that might go to Atlantic ports, but would enlarge the area that might be tributary to Chicago and the lakes and thereby draw from the Gulf what may be going to the Gulf? A. No question about it.

Q. Have you any idea as to what could be done west of here towards increasing the commerce of this place? A. Of Chicago?

Q. Yes. Is there anything that is possible to be done west of here to facilitate commerce through this city? A. It seems to me it resolves itself simply into a question of freight rates.

Q. Of course you make the suggestion what New York should do. Is there anything that Chicago or anybody west of Chicago can do that will supplement the work that New York may do? A. I don't think of anything. It is a matter that I have never thought of.

Q. This suggestion was made to me the other day that the average rate of freight on grain, on wheat particularly, take the average say about between twenty and twenty-five cents a bushel, from the grain fields of Dakota and Minnesota, and so on to the Atlantic seaport. As I figured it up between the western lake ports and the Atlantic seaport a very small proportion of that twenty or twenty-five cents was received. The great bulk of it was obtained west of the lake ports and while you are figuring on making a reduction of a cent or two between the lake ports and the seaboard, isn't there something that could effect a very material reduction west of the lake ports? A. Well, that would seem to be a question of railroad freights.

Q. Did the idea of canals ever occur to you, to connect the Mississippi, say with the lakes? A. No, sir; I don't think that would be practicable.

Q. There is not enough business do you think that would use such a canal to justify the cost of its construction? A. The grain would have to be taken by rail to the Mississippi or to the canal.

Q. You don't think that the saving of the haul from the Mississippi to the lake would justify the construction? A. It is merely a matter of opinion. I should say not; decidedly not.

Q. You never heard it suggested? A. I never heard it suggested before.

Q. What about the Fox River canal? Do you know anything about it? A. Practically nothing. In this connection I would like to add that I don't think there is any market or any point where there is as much competition as there is in Chicago—what I mean by that, competition to bring the grain here, not only among the elevator proprietors like Mr. Marcy and myself, if I can do anything of the kind, but also the railroads.

By the Chairman:

Q. The railroads tributary to Chicago? A. Yes, sir; naturally. There is a constant fight between all the railroads to Chicago.

By Commissioner Smith:

Q. It is this way in New York: The canals were in existence before the railroads, and the railroads were obliged to meet successfully the reductions in local transportation. My thought was, would it be possible now, by constructing canals connecting the grain fields, if that were possible, with the lakes, and change about that system, and thereby force the railroads to lower their rates? A. I don't think that would be practicable, to move large bodies by water. You have got to concentrate it. We have the grain concentrated in Chicago, and after we get it here it is simply the cheapest route to the seaboard—to the steamer. That seems to be now largely via the Canadian route.

Q. You can think of nothing that would make this place more attractive for an eastern seaport? A. I think we will give you all the grain you want if you will lower your rates via New York, and it seems to me there is only one way to do that, and that is to enlarge the Erie canal so that you can take 30,000 or 40,000 bushels of grain right to the ship.

Q. I wanted to get that other thought in your mind. A. I would say, from thinking of it for a moment, that it would be impracticable.

By Mr. Fairchild:

Q. As I understand you, Mr. Norton, due largely to the fact that there are many railroad lines competing that come from the grain fields to Chicago, and also to the fact that there are a number of long-established grain elevators and elevator interests here in Chicago competing with each other and with other places, you consider that, as to the rates from the grain fields to Chicago, that everything has been done, and is being done, that could be done, and that, therefore, Chicago people, as well as New York people, must look for a correction of conditions easterly from Chicago rather than westerly from Chicago? A. I would say yes, in a general way; yes, most decidedly yes.

Q. You would consider that, so far as the lakes themselves are concerned, that they have already taken a great step in the right direction by the immense increase of lake tonnage? A. I think that is the thing that will regulate itself. There has been an immense increase in lake tonnage this last year. This extraordinary demand for ore itself to a certain extent demoralized our lake freights, which have been since July abnormally high.

By Commissioner Smith:

Q. Has that increased the shipment of grain by rail from here?

A. Yes; that and the lower rail rates made this year.

Q. They have made low rates? A. Yes, sir; lower than ever before by rail.

Q. Any material increase in the freight by rail? A. Very decided, yes, sir; particularly to Boston, Philadelphia and Baltimore.

Q. What would you say would be the proportion? A. I couldn't give you any figures. The business was so great that it became congested, so that the business stopped, owing to the greatest car famine we have ever had.

Recess until 3 o'clock p. m.

THURSDAY, *November 23*, 1899—3 p. m.

J. G. KEITH.

Capt. J. G. KEITH, being interrogated by Mr. Fairchild, answered questions as follows:

Q. What is your full name, Captain? A. J. G. Keith.

Q. You reside in Chicago? A. In Chicago.

By Commissioner Smith:

Q. You are a vessel owner? A. Yes, sir.

Q. Have you been president of the Lake Carriers' Association?

A. No; I never was president.

By Mr. Fairchild:

Q. What is your business? A. It is vessel owner, agent and insurance, marine transportation.

Q. With relation to the lakes? A. On the lakes.

Q. And how long have you been in that business? A. Thirty-eight years.

Q. During all that time you have operated from Chicago? A. Operated from Chicago and other lake points.

Q. And Chicago has been your headquarters? All that time you have resided in Chicago? A. That is correct.

Q. Well, has your business brought to your attention the subject of freight transportation by way of the different Atlantic ports for export? A. Most largely to New York, Montreal, Philadelphia and Baltimore.

Q. On what classes of freight particularly? A. Grain largely.

Q. And of those ports, from which port has the shipments of grain come under your attention? A. Largely from New York.

Q. Has there been any change in the past few years in that respect? A. In what respect?

Q. Have you shipped any less by New York than formerly? A. No; I would say the proportion keeps about alike to the different seaboard points. To Montreal, however, there has been less this year by water than there has been in former years.

Q. What was the reason of that? A. That was owing to the Canadian Atlantic railroad, which has opened up a lake port and put steamers on the last two years. That has detracted from our lake business and gone by rail—by boat from here to Parry sound and then by rail, and the other routes to the seaboard.

Q. That doesn't show any loss of grain to Montreal, but it shows a difference in the method of reaching Montreal? A. Yes, sir; difference by lake. As to the proportion this year compared with last, I wouldn't say what it would be to Montreal, but decidedly less by water.

By Commissioner Smith:

Q. Do you think that will increase continually? A. Montreal?

Q. No; by Parry sound? Is it a very attractive route, I mean?

A. There is to that, gentlemen, a certain point that I wouldn't care to go over. They have a purpose for doing this, so I am creditably informed. I am also told that it is not a natural or profitable route of going, but they have a purpose for carrying a great bulk of the stuff over that route.

Q. Can't you tell us what the suggestion is that has been made to you, if it is public information, I mean? A. No; it is not. I would rather not make mention of that. I have, however, been looking up the passage of heavy freight through the canal system perhaps as close as any other individual.

Q. The Canada canal system? A. The Canada canal system.

By Mr. Fairchild:

Q. What has been the nature of your information and your conclusions as a result of that investigation? A. That it is the greatest factor that we have to contend with, the American routes is the Canadian routes—that when the present canal is completed—the present Canadian canal system is completed which will be in the early part of next year, then we have our most dangerous rival to contend with. No question remains about that.

Q. Will those improved canals obviate the necessity of breaking bulk between Chicago, for instance, and Montreal? A. Oh, yes, most decidedly.

Q. Boats will go all the way from Chicago to Montreal? A. Boats will go from Chicago not only to Montreal, but they will go to Europe. I will say for your information that I have been looking up and working on a scheme of that kind for twelve months with favorable results of establishing a line of lake boats between the lake ports and European ports.

By Commissioner Smith:

Q. Have you settled to your satisfaction the return freights? A. Yes, sir.

Q. What will they consist of, general merchandise? A. General merchandise.

By Mr. Fairchild:

Q. Well, do you expect that there will be such a fleet of boats established? A. For the reason that we can carry cargoes at the present rates which are very low—we can take grain, if you choose, from Chicago to Liverpool and make a profit, a better profit than what we have been getting the four or five years prior to the present year.

Q. What class of vessels will you use? A. Steel steamers.

By Commissioner Smith:

Q. Carrying how much? A. The largest boat, steel steamer that we could get through the canal and have her serviceable for ocean and lake business would carry between 1,900 and 2,000 tons through the Welland canal on the present draft of water, fourteen feet.

Q. That is how many bushels of wheat—about 65,000, 75,000? A. Of wheat—stenographer just divide 2,000 by 30—divide 2,000 by 28. On that question, gentlemen, I think I can give you what information you require. I have spent a great deal of time in looking it up.

Q. I wish you would give it in detail and I won't interrupt you by any questions. Give it in your own way. A. The result of my investigation in looking up the canal trade and building a fleet

of vessels to run between lake ports, particularly between Chicago and Duluth and European ports. The Canadian canal limits our size of vessels to 256 feet over all and the locks are forty-five feet wide, but that would be out of proportion in width to its length, say thirty or thirty-three feet would be as wide as the proper proportions of marine architecture would permit. A vessel of that size will carry through with a fourteen-foot draft, from 1,900 to 2,000 tons.

Q. Will you get fourteen feet draft? A. Oh, yes.

Q. It is a fourteen-foot canal? A. Yes, sir, they have a fourteen-foot draft of water and oftener more than they have less. There will be times when it will be two or three inches less and often two or three inches more, but they usually restrict us to fourteen feet. It is pretty safe to load to the fourteen-foot mark excepting in the last few weeks of the season.

Q. Go ahead, Mr. Keith. A. In loading a vessel so that she will carry say 1,900 tons if you choose going through the canal, we will obviate the necessity of stopping at Montreal. There is no necessity. We do not want to stop in Montreal, take on any freight or put off any freight for the reason that it will put us in competition with ocean steamers that would be a great deal larger and could carry freight cheaper than a vessel of the size I have mentioned possibly could do. Our aim would be less distant points. The ocean ships cannot come above Montreal. We can and could take freight and put it off on Lake Ontario points or on Lake Erie points, but we wouldn't have the advantage that we would to go to the most distant points on the lake because the further we are from seaboard the greater would be our freight. You couldn't expect to ship or get as much freight to Europe from Chicago as you would to Europe from Buffalo. There are the points that we aim at. The large part of the freight emanates from Chicago and from Duluth.

Q. Going east? A. Bound for Europe. When we get to Montreal we will pass by it say four or five, or six or seven or eight miles, where we can find suitable stopping places. We don't want a dock—drop our anchor into the river and have a steam lighter of our own where we will have all the lighterage; that

is, the additional amount that we can carry across the ocean with more water than we can get through the lakes.

Q. What do you figure that to be? A. The additional weight on these steamers?

Q. Yes. A. We figure that they will take 1,400 tons from here through the canal and 3,200 to 3,300 tons from below Montreal through to European points.

Q. In addition to the 1900? A. Certainly; because we can only load fourteen feet of water going through the canal. We can load to twenty feet with that size ship and everything being proper and in accordance so that we can add 1,200 to 1,500 tons easily in addition to what we could take through the canal. We will not stop at Montreal nor any other Canadian port, but have our own lighter to carry this additional cargo through from here to the steamer and after she gets below Montreal it can come alongside and take it from the one and put it aboard the other.

By Mr. Fairchild:

Q. When you said 3,300 tons, did you mean a total of 3,300 tons or 3,300 tons in addition to the 1,900? A. No, no; a total of 3,300.

By Commissioner Smith:

Q. Do you intend to tow this barge astern of the steamer? A. No, sir; have a steam lighter of our own.

Q. Steam lighter? A. Yes, sir; or, in other words, a regular steamer. If between the steamers there was more time than we would want to keep the lighter down there, we can apply her to other uses.

Q. How large a fleet have you in contemplation? A. Seven or eight.

Q. Making how often a departure? A. Weekly; seven or eight steamers will make a weekly service.

Q. Go right along will you, Mr. Keith? A. At the present time freights from here to Montreal would be in the neighborhood of six or seven cents a bushel. It is six and one-half cents

from New York to Liverpool this last week, and that would be in the neighborhood of what it would be from Montreal. Take six cents from here, from here to seaboard, and, if you choose, call it six and one-half from the seaboard to European points or Liverpool. I will take it to Liverpool because that is the cheapest freight point. That would make in the neighborhood of twelve cents a bushel. With the style of craft that I have named we can make all the money that is necessary at ten cents a bushel—all that we ought to make. The expenses I have gone over to the dollar.

Q. But you feel that it would be wise to confine yourself to grain—more profitable? A. Decidedly not.

Q. You would take general merchandise from here—products, etc.? A. That would be—the principal object would be to take package—packing house and dairy products—make a refrigerator of your ship.

Q. Refrigerator ships? A. That would be one steamer. You then have the highest-priced freight that is paid from Chicago to the seaboard, because you can not use refrigerators in the cars. In the ship you can use refrigerators without ice. By rail transportation ice has to be used and you have to replenish that once or twice between here and New York. If you have ten tons of beef you have to have ten tons of ice. With a lake boat, going from Chicago, you pay the rail freight and the ocean freight as well, and the railroad freight is material. It is the highest class of freight that goes out of here.

Q. How far, if it is a fair question, have you proceeded with your plans? A. I have proceeded and got all the data that is necessary to form a company, but the price of vessels has gone so that we can not touch them here or in Europe.

Q. Are you sure this won't open up a competition between European vessels that will be disastrous to lake vessels? A. You are quite right. It will open up European competition in that line only, but not in the lake vessels—the upper lakes to Europe.

Q. To the extent that they would get the business that would otherwise go by rail and be shipped from the east? A. That is

right. I will go further and say that there is a Norwegian company that is now under advisement with the same project that I have been working on.

Q. Do you think you could build vessels in this country and run them in competition with them? A. We could and run them in this trade. We might—I wouldn't say we would do it—build them here and run them on the ocean exclusively for the reason we can not get large enough ships. We can build them here as cheaply as they do on the ocean. We can run them very successfully for the reason that we know about the lakes, where they do not. We have been learning for twenty or thirty years what they would have to go over.

Q. It is easy for them to get captains? A. That is not the only point. That is very true, but not the essential point. The essential point would be for the owners or the parties that get up the scheme to look up all the details and the whys and wherefores and the why-ofs, as I have done, and without lake knowledge I couldn't do it with that same precision that I have done.

Q. What would prevent this Norwegian company availing itself of the services of Americans with experience similar, but perhaps not entirely equal, to your own? A. Nothing in the world. The only point is that if you are the principal and have the knowledge you will rely perhaps more on your own knowledge than you will on higher knowledge where you have the capital to invest.

By the Chairman:

Q. The architecture of the ships running on the ocean—are they the same as those on the lakes? A. Not exactly but our modern ships here on the lakes, by making them a trifle heavier, the scantling, will be serviceable on salt water just as well as the boats they have got there. We would have to make the planking and planting heavier to be in accordance with the requirements of the rules on salt water.

Q. Wouldn't that make a difference in the draft of the ships? A. It would, but very trifling. It wouldn't probably make a difference of fifty tons in the ship—size of that ship.

By Commissioner Smith:

Q. That is the limit of difference, you think? A. Not more than that, certainly not more than a hundred tons.

By the Chairman:

Q. Would they be as serviceable on the ocean as they would be on the lakes? A. Yes, sir; built for the purpose. There is no question about it. Experience has taught us that the way to move freight cheaply is to do it in large boats. We would have that difficulty—disadvantage that we could not have as large ships as what they have, but with the ships we do have, we could make as good use of them as any people in the world, and not only for going across the ocean, but with our new acquisitions we have got Porto Rico, Cuba and others of the West India islands, they would be serviceable boats and just the right size for that trade. We have a demand for that class of vessel now but cannot get them out.

By Mr. Fairchild:

Q. What are the largest vessels on the lakes? A. Do you refer to the tonnage of the ship or the dead weight carrying capacity?

Q. The carrying capacity. A. 7,000 gross tons.

Q. Leaving out of consideration the larger tonnage of the ocean vessels; do you consider that the transfer cost is greater than the saving to be made by carrying 7,000 tons instead of 1,900? A. With the transfer system of navigation, when the grain is transferred, it is.

Q. Would not the establishment of such a fleet of boats as you refer to tend to correct any defects there would be in the system so that they could get the transfer—get the thing down to a minimum cost? A. Supposing you would make it free, the transfer free, I don't think, then, you would be equal, because at the present time in running through the Welland canal they have about a quarter of a cent a bushel of canal toll on cargoes. There has been a question that has been agitated and within the last

twelve months, of trying to get Canada to abolish that quarter of a cent a bushel, and there is no doubt if we came in close competition with Canada she could very easily do that, and it would only make a loss for her in the last year of between three hundred and four hundred thousand dollars. There would be another item that the United States would have to meet to compete with Canada in that particular.

By Commissioner Smith:

Q. What would be the advantage to Canada by making that reduction? A. To get the tonnage to go through there.

Q. What would be the advantage of having the tonnage pass through her river and canals? A. Nothing, materially.

Q. Do you think Canada would be disposed to make a concession to the Americans that would be of no advantage to itself? A. I think they would if it wasn't for the stringency of affairs in Canada. In the way of reciprocity we have asked free canals in Canada. They haven't granted it, but the time is coming, I think, when they will, but here is another point. We are not the only parties that will use the Welland canal. Canada has got about as much territory in the Northwest as we have. When she gets that developed her millions will pass through the Welland canal, and she may be able to move about as much wheat in a few years as the United States will do. We are better developed in the Northwest than Canada is. With her development the situation will change.

By Mr. Fairchild:

Q. What I want to get in the record is this: You are very certain as a result of your investigation, that the saving of freight rates by carrying 7,000 tons instead of 1,900 tons would be not as great as the saving of transfer charges or the cost of transfer?

A. That is not the only point. With a ship of 7,000 tons they are more like a railroad train. There is just one rut for them to run in, that is, by owners of iron ore or iron ore mines. They have millions of tons of iron ore up on Lake Superior. They will

load that in their boats there and come down to Ohio ports. Those boats are not eligible to Chicago. They cannot get in here. They are too large. If they could get in here they are not serviceable for the business we have in shipping grain. They are too large. Our cargoes have been in the habit of being shipped 50,000, 60,000, 70,000, 80,000 and up to 100,000 bushels—have been working higher for years, and they have gone up as high as 200,000 bushels. This happens occasionally, but the great majority of cargoes run below 100,000 bushels. Now, then, with those large ships, it is but a few shippers and only at odd times that they can supply cargoes of that size; so they wouldn't be serviceable for grain unless our condition changes from what it is at the present time.

Q. What is the largest ship that can get in here owing to the natural condition of Chicago? A. Oh, about 4,000 tons.

By the Chairman:

Q. What does it cost to break bulk at the seaport? A. It costs to break bulk at Buffalo $3\frac{1}{4}$ cents a bushel.

Q. What does it cost at Montreal? A. That I couldn't say. There is a charge, but what it is I couldn't name.

Q. It would likely be the same charge? A. It would not certainly be any more.

Q. You wouldn't need to break bulk but would go right straight through. A. Go right straight through.

Q. You would have to load ship. That would cost something. A. That would be the only thing, but that would all be within ourselves.

Q. Half of your load would be through and half breaking bulk? A. Yes, sir.

Q. So, in fact, you only save 1,900 tons against 7,000? A. That is right, but the point arises here, providing you could load the large ship. Then the difficulty arises with the small boat in Buffalo. There would be a multitude of 8,000 bushel boats, which is the maximum at the present time to be carried to seaboard, and the only way that the American route can keep pace with the Canadian route would be to enlarge the Erie canal.

By Commissioner Smith:

Q. I presume the great advantage to you would be in getting for lake and canal and river transportation a class of freight, a general class of freight, the rate of which would be so high as to be remunerative and the class of freight making transshipments you wouldn't be able to get at all? A. That is correct.

Q. Isn't that so? A. To a great degree, that is correct.

Q. It would be a higher class of freight but the rates would be so much higher the transshipping at Kingston and again at Montreal would prevent you getting the business? A. Oh, yes; in that part of the country we couldn't touch it because the freight above Montreal, close to it, wouldn't be equal to the cost of handling it and breaking bulk at Montreal.

Q. Do capitalists take kindly to this suggestion? A. Yes, sir; they have, very.

Q. You are disposed to invest heavily yourself? A. Every dollar I have.

Q. Notwithstanding the possibility of Norwegian or British competition? A. Take my chances. The first in the field will be the better off.

By Mr. Fairchild:

Q. Do I understand you that your plans have been completed financially as well as on the line of investigation, so that the only thing that is delaying your putting on such a fleet on the lakes is the ability to get the vessels constructed? A. Not exactly. While there are parties that have volunteered to come and subscribe, take stock, all of it hasn't been taken. There will have to be at least as much more as what have volunteered—about half of it, I should say.

Q. When do you expect to be ready to operate such vessels on the lake? A. Year after next.

By Commissioner Smith:

Q. And you are delaying it, I presume, as you suggested awhile ago, because the present cost of construction and ability to get

the vessels constructed means too high an expenditure of money?

A. Stopped everything for that cause and none other.

Q. When that condition is overcome by the present demand having been satisfied, then you expect to build? A. That is right.

By Mr. Fairchild:

Q. Has your attention been called to the Erie canal, to the extent of having an opinion as to what manner of improvement and what extent of improvement we should have on the Erie canal to compete with the Canadian canals? A. Yes, sir; I have thought of it and looked the matter over and the most feasible thing that I could conceive would be a larger canal.

Q. How much? A. More than we can get. As I have stated, to move freight cheaply it has got to be done by large boats. A 100,000-bushel vessel would perhaps be more serviceable than any other size, but that we can hardly expect—to jump from 8,000 to 100,000. But a medium, between the two, would be of very great assistance. If we could take 6, 7 or 8 of the present boat loads, it would run up from forty to sixty thousand bushels and would be the cheapest transportation, to my opinion, that we will ever get through the Erie canal or through the locks to American ports. A ship canal I would consider impracticable.

Q. You would consider that it would be necessary to have a canal that would admit of each boat carrying a minimum of 40,000 bushels, in order to successfully compete with those improvements in the Canadian canal? A. That is right and I am rather under the opinion that boats that would carry forty or fifty or sixty thousand would perhaps be more serviceable than larger boats and carry the grain as cheaply. Why I would say that size would be because boats that would be built would be built undoubtedly of steel. That is the lightest construction, and in the summer months that boat would be serviceable to take to lake ports. They could come here and to Duluth and Detroit and Toledo. They could trade the greater part of the navigation season and they might possibly six months in Chicago by being towed back

though from here and go through and not break bulk after they left Chicago—going through New York. Smaller boats would be less desirable.

Q. Have you ever considered the question of pontoons from Chicago to Buffalo carrying the canal boats, the boats from Buffalo to go up the canal? A. No; I haven't any more than I know there are some canal boats the size of the present locks that have been constructed and in operation on Lake Erie, and while they may have been all right in the summer time, I know that it hasn't been so right in the fall of the year; but take boats of a larger size, they would be more serviceable to carry larger cargoes and would carry a cargo that would be a paying investment, forty or fifty or sixty thousand bushels, to take them from Lake Michigan ports right through, but no matter how much of a success it would be, boats that would carry seven, eight or nine thousand wouldn't do. They are too small.

Q. Have you known anything of a project to construct pontoons to operate on the lakes that will hold a number of canal boats? A. Oh, yes; I have heard of that. That isn't exactly a pontoon. That would be a large steamer or barge and have it filled with water so that you could float the canal boats into it. Then shut the gates and pump the water out. The canal boats would then be inside of this larger structure and would be carried until they reached the canal at Buffalo. Then they would let down the gate, let the water in, float them out and let them go through the Erie canal.

Q. What is your opinion of that project? A. I don't take kindly to it.

By Commissioner Smith:

Q. Why not? A. Too complicated, too complicated.

By Mr. Fairchild:

Q. You think it is the concensus of opinion among the men of experience here in Chicago that the figure you have given is a minimum of capacity for canal boats, 40,000, necessary to com-

pete with the Canadian canals? A. I think so. I think the majority would favor that as being the minimum size.

By Commissioner Smith:

Q. Wouldn't you say that two vessels, 20,000 bushels capacity, operating through the canal as one large vessel, running through as one vessel would satisfy that particular demand? A. It would be decidedly better than that we have now got.

Q. Would it meet the Canadian competition? A. It wouldn't be as good as a 40,000-bushel vessel.

Q. What would be the difference between two such vessels and one vessel? What would be the difference in the matter of economy? A. To take two vessels that would carry 20,000 bushels each——

Q. Operated as one throughout the canal? A. Two vessels that would carry 20,000 bushels each would require about four men. I don't think you could run them with less than that. That would be eight for two. You would have a decidedly better crew with five or six men at the outside on a 40,000-bushel vessel than you would have on two of 20,000 each.

Q. They have only one steersman for the two vessels and they are rigidly locked together under the present system, so that they are just like one vessel, and there is nothing in the way of the weather that will disturb them? A. Would you have them go through the locks together, or only through the canal, and single up through the locks?

Q. No, no. A. Go through the locks together?

Q. Yes. What would be the difference, I ask you, between two vessels so operated and one vessel so operated? A. I will answer it in this way, and perhaps it will be better understood than any degree of measurement that I could give you. We have worked up our tonnage on the lakes from a thousand to three, four and seven thousand tons. We find that a five or six thousand ton vessel will make money when the others have got to lay at the dock and die. None of us want to buy 3,000-ton vessels, but we all like to get four and five and six thousand ton vessels, because the

ratio of operation is so much less in expense to what the expense would be that none of us want small boats.

Q. You do not quite grasp my idea, I think. The lengthening of all the locks on the Erie canal would permit two vessels to go through from Buffalo to New York without ever disconnecting them. A. Yes; I see.

Q. They would be just the same as one vessel? A. Yes, sir.

Q. I ask you if those two vessels, so fastened together and practically to all intents and purposes one vessel, and carrying 20,000 bushels, would not answer the same demand as one vessel of 40,000 bushels? A. No, sir.

Q. I mean approximately? A. No, sir; they would not.

Q. You bring in here in answer to that a condition that exists on the locks where through navigation is possible. A man like yourself knows to construct a vessel say 240 or 250 feet long, and only 17 or 18 feet wide, would be disproportioned? A. That is right.

Q. And the necessity arises of making two vessels the marine architecture of which would be in accordance with the standards? A. Yes, sir.

Q. When you come to apply your knowledge of existing lake conditions and think we should build one vessel instead of two, the marine architecture, with the condition in the matter of locks, does not permit of that? A. The size is laid out for you to hew to.

Q. Unless we go to an enormous expense in widening locks? A. What is the width of the locks?

Q. Eighteen feet. A. What is the length?

Q. When they are double lengthened they are 220 feet. A. Eighteen by 220. That for lake purposes would be somewhat out of proportion, but they could be built for canal purposes and be perfectly correct in one.

Q. There is another element that enters into the difficulty of such navigation, and that is the windings of the canal. A vessel of such length, it has been demonstrated, between New York and Philadelphia, is not always as economical, although the condition

of the locks admits of such a length. They find that their operations going around sharp curves is unsafe. A. It would be better to have a hinge, like two boats instead of one.

Q. Those conditions suggest to my mind that two vessels might meet the necessities that your people here on the lakes think the Canadian canal possesses? A. It would be a wonderful improvement over what we have got. Now the depth, what would you suggest as to depth, draft of water?

Q. There is no difficulty in getting depth, except in the matter of locks. It is easier to get depth than width. A. I see.

Q. Structures are built along the canals and especially in the cities that will make it very costly to extend the width? A. That could be overcome. In building vessels for lake or sea service there are conditions laid down that are out of proportion to the regular, and there are additional scantlings required to provide for those proportions, and in making a vessel that would be 18 feet wide or $17\frac{1}{2}$, you could make her 200 feet long and she could be built cheaper and strengthened in a way that she would be all right, but if we had the conditions to build the vessels and build the locks to the shape of the vessels it would be just as I have stated; but if the locks are there, we have to cut our garments according to our cloth. In the British usage until the last few years the standard dimensions for length was ten breadths. In 18 feet, that would be 180 feet long. Twenty feet is not much greater, and would be perfectly safe for a canal when it is straight—safe for ocean trade.

Q. There is one more point that I suggest New York would be at a disadvantage in, and that is that it would be entirely a canal, shallow throughout, restricted to a narrow width, whereas the Canadian navigation involves only canals at certain points, and through navigation the balance of the way. You think that a 40,000 bushel vessel would overcome all the conditions of Canadian competition? A. I wouldn't say that, but it would be nearer to it than a smaller size. If the Canadians make free canal tolls, which they are bound to do——

Q. You have got to show Canada that it is to her material advantage to do that. A. Canada will see it, and she can't help it.

Q. I have asked you to point it out to me, and you have not. A. With the quantity of grain that the Canadian Northwest produces—she is raising now 50,000,000, 60,000,000 or 70,000,000 of bushels a year. Part of that goes through the American route and but little through the Canadian route. But once she has the Canadian route completed it is a question if the canal tolls won't be a lesser amount than what the gain would be to the people, which is what our government has asked, to abolish the Canadian toll system.

By Mr. Fairchild:

Q. Mr. Keith, has your attention ever been called to the differentials on the railroad? A. Yes, sir; I understand somewhat about that.

Q. To what extent? A. That is, the differentials between the railroads themselves?

Q. No; that the railroads enter into as between the different Atlantic seaports? A. Well, we have, I think, about—at the present time about two cents less to Baltimore, and about a cent less to Philadelphia than what the New York rate is. That is usual. I don't know but that would be exactly, but usually it runs that much difference. Newport News, I think, is still less.

Q. Your business does not bring you in contact with the railroads though—you have nothing to do with shipping from Chicago by way of the railroads to the sea coast? A. Oh, no; not at all. I would like to see the American waterway keep pace with the Canadian, but the only way it can be done is to enlarge the Erie canal. You have acted prudently to take the locks the way they are and you want to build the boats in the shape of the locks and not to cost too much. If I haven't taken up your time in speaking of railroads, I had occasion to attend a deep water convention nine years ago at Superior. At that time I looked statistics up pretty closely and will detain you a moment

or two to show the result of that investigation if you would care to hear it.

Commissioner Smith—Certainly.

The Witness (reading)—“ I will now compare the freight of the two competing carriers by lake. Freight on wheat from here to Buffalo——

Q. This is yourself speaking? A. Yes, sir. “ A distance of 1,000 miles is two and one-half cents per bushel; on coal from Buffalo to Duluth or Superior is forty cents per ton by rail; freight on wheat from Bismarck here, a distance of 450 miles, is sixteen and one-fifth cents; on coal from here to Bismarck \$4.50 per ton, nearly six and one-half times greater on wheat and more than eleven times greater on coal for less than one-half the distance.

Q. Are such conditions about the same now proportionately? A. I don't think they vary much. They are not any greater. If the same ratio was applied to Chicago there would be a saving of about \$200,000,000 a year in freights alone. Of course that doesn't exist because the railroad from Duluth to Bismarck had no competition. We had the competition here and we get cheap rates and we have got to have water competition to keep them in line.

JAMES J. RARDON.

JAMES J. RARDON, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. James J. Rardon.

Q. Your residence? A. Chicago.

Q. Your business? A. That of a vessel agent and insurance, etc.

Q. How long have you been in that business in Chicago? A. Oh, about fifteen years.

Q. During all of that time you have become familiar with the question of transportation on the lakes? A. Yes, sir; somewhat.

Q. And by way of the lakes to the seaboard? A. We don't have much to do with the seaboard further than to Kingston and Buffalo and Erie and such ports.

Q. Your business calls your attention beyond? A. Certainly; more or less; a little familiar with it.

Q. If you found more business or less business going to Kingston, or more business or less business going to Buffalo you would know the reason why? A. We are out 'after the best freights all the time.

Q. Have you any knowledge as to the difference between the conditions at the present time and say a number of years ago, as between freight going by way of Montreal—— A. Yes, sir.

Q. ——as compared to Boston or New York or any of the other Atlantic ports? A. Yes, sir.

Q. What has been the result of your observation as to that? A. Well, the competition that has come in—the Canada-Atlantic came in and took off a world of stuff through there to Montreal and different eastern points. They have got their connections running to the eastern States. They supply all the New England States I guess to a large extent where they were supplied before by the New York Central and different lines.

Q. We are directing our attention to exports. A. They export a good deal too by way of Montreal, and in the winter time Portland, Maine.

Q. How does the export trade that goes to Montreal now compare with what it was a few years ago? A. Of course it is a good deal larger—over double.

Q. And that has been taken from the other Atlantic ports, more particularly New York? A. Yes, sir; more so from New York than any other.

Q. More from New York than any other? A. Yes, sir; altogether.

Q. As between New York and Boston, have you noticed any difference? A. Well, I haven't studied that much—haven't paid much attention to that particularly. Of course it has deviated. It is losing that also.

Q. Have you paid any attention to the difference between New York and Philadelphia or New York and Baltimore? A. No; I haven't taken any interest in that because my interest wasn't

that way. I don't have any interest to pass Buffalo and such points with my steamers.

Q. You will observe if it was taken away from Buffalo, but wouldn't observe as to where it went beyond Buffalo? A. Yes. I know it has been taken away a good deal this year.

Q. From Buffalo? A. Yes, sir.

Q. And to what do you attribute that? A. Through rates—cheaper rates.

Q. And what are the elements that entered into the cheaper rates to Montreal? A. Well, for one thing there are larger canals. They have got now—they have run up their barges there to 24,000 bushels. They carry 24,000 bushels in their barges now. They built last year I think 10 steel boats in Kingston, Toronto and different points, 10 or 12, I guess more than 12 that carry 24,000 bushels of wheat and they have reduced their cost of carrying there I think two and one-half cents from what they usually used to get.

By Commissioner Smith:

Q. What did they usually used to get? A. Oh, they got four and three-quarters and five cents.

Q. Nearly cut it in two? A. Yes, sir, I think they took that for two and one-quarter cents—as low as that this year and the Canada-Atlantic came in and they of course compete—they have got to compete with them and they took it still a little lower.

Q. That is the Parry Sound route? A. They have a line of boats running from Duluth to Parry Sound and a line running from here. They can't handle it in fact.

Q. Is there a lack of capacity on the railroad or what? A. Lack of facilities I guess. They are building more elevators and going to double their capacity. In that way they will put on more boats. They bought some boats this fall.

Q. They are a railroad line and their equipment is all right for business? A. All they have to do is to put on more cars of course and get the larger facilities at the other end which I understand they are trying to do now. I understand they are going to form a transit line, that is an ocean——

Q. Do you think it is a legitimate, profitable business? A. Well, I shouldn't think they would go into it as heavily as they do if it wasn't.

Q. There is no ulterior motive that you know of that they are serving? A. Nothing but the business.

Q. Nothing beyond that? A. No, I don't suppose they would invest their capital only in that way.

Q. The suggestion has been made that there was another motive inspiring them to do this thing. We are desirous of finding out what that other motive is. A. I don't know. I suppose their motive was to make money for the company—for the stockholders, the same as any other corporation.

By Mr. Fairchild:

Q. They are not in it for the love of it? A. I shouldn't think so. They all look pretty healthy that I have seen, everyone of them. They are not in it for their health.

Q. Have you considered the subject of what might be done to save this business to the American ports? A. Well, yes, sir. I have heard Captain Keith talk there and I have thought of that since I was a boy. The Erie canal has never done anything. She has increased her capacity from six to 8,000 bushels, and that is the most she has improved in my life time. New York State is away behind the age. I don't know why it should be—pretty large State.

By the Chairman:

Q. What is your opinion of the Erie canal to-day? What should be done? A. They ought to enlarge the canal.

Q. How large? A. There are gentlemen here that are more familiar with that than I am although I have traveled by foot from one end of the Erie canal to the other many a time.

By Commissioner Smith:

Q. What Mr. Schieren would like to get is your own view. A. It cuts through very large cities. Take Rochester and Syracuse and those cities it goes through where now the property is very

valuable, and it probably would cost a great deal of money to buy it the whole extent of that canal. It goes through all the principal cities there are pretty much and of course land has become very valuable now and would cost probably a great deal of money.

Q. You wouldn't want to form an opinion because you don't know in detail the conditions now existing? A. No, but I know we ought to have—take 100,000 bushels of grain and it will take twelve canal boats to carry it. Now if they had two canal boats to carry that how much cheaper they could carry it. They have three or four men, two steersmen and two drivers of horses and they used to have a bowman to keep a look out. There would be five and a cook, six, on each canal boat.

By the Chairman:

Q. Then, in your opinion, it is absolutely necessary for the State of New York to widen and deepen its canals in order to preserve the trade. A. My opinion is this: That if New York and its state don't do something pretty soon it will be a side issue. That is all there is to it. It will be a side issue. The millionaires that are down there can live of course without any—but the balance of our people will have to go somewhere else to get a livelihood.

Q. The millionaires sent us up here to look after their money. A. It will be just on the same principle as Chicago is to-day. Chicago to protect its elevators has got to do something with its canal in order to get the larger boats here. South Chicago is going to do the business with our large vessels. Two hundred thousand to 300,000 bushel vessels cannot get in here at all. They cannot come into our pier. There is only one elevator or two at the outside that they can reach and that is the central elevator and the slip. They can take a large vessel.

By Mr. Fairchild:

Q. What efforts are you making here if any, to secure deeper water? A. The drainage people are helping it out a great deal.

Q. There are arrangements being made with the Federal Government are there not to get adequate depth? A. Yes, sir, and

take it with the congestion that we have every fall that I can remember in Buffalo—there is congestion of trade. You see what it is this fall and it is that way every fall. They haven't got canal boats to take it. Every elevator is full and the railroad hasn't got cars enough to take it and they are blocked. If you had the Erie canal enlarged they could carry something, but now the freights on the canal boats are so small that they cannot make a living, but this fall they allowed them to come in and help the congestion out. Otherwise it would have been blocked as it is here every fall. All the canal boats that there are on the Erie canal aint worth ten cents a piece. They are all played out and haven't made money enough in the past ten years to buy two lines let alone anything else. They have them laid away in every little basin where you will find old hulks sunk. Our folks bought three or four of them and sent them up here to tow grain this fall, you can buy them for \$1,500 or \$1,600 apiece, all you want of them. That shows you the Erie canal is going to dry up if it keeps on.

Q. Is it the universal opinion here in Chicago and in the west that it is the salvation of New York State to adequately improve that canal? A. You can talk with any man that is interested in shipping and he will tell you as I do, that if they don't go to work and enarge the Erie canal and do something to enlarge it and help commerce, that they are going to lose the business. Canada started in here a few years ago with its little canals 180 feet long and they used to use a vessel of 26 foot beam. That is the extreme. Now you can go through with 263 feet 6 inches. I have got a steamboat that I send down there. She was going to Buffalo before and it was considered that she couldn't go through the canal. I put her through the locks last year. She is 263 feet 3 inches over all.

By the Chairman:

Q. What capacity? A. Thirty-eight foot beam. She has the capacity that she can carry through the canal 60,000 bushels. The largest vessel that went through before that was 20,000. I can take that vessel to Montreal, and for that matter I could take it to Liverpool if there is freight enough.

By Mr. Fairchild:

Q. What do you consider to be the minimum capacity required in a canal boat in the Erie canal to compete with the present improvements in the Canadian canals? A. If you have got a boat the same size as the boats they have now on the Canadian canals, they have got 24,000 to 25,000 bushel boats.

Q. Do you think that would be sufficient to compete with the present improvements as they will be when the new canal is in operation next year? A. That would help us out for a number of years, and, as our country increases, we would have to do likewise with the canal.

Q. You think we would have to have fully 25,000 bushel boats? A. Yes, sir; I would not think of enlarging it any less than that.

Q. What do you think of the plan of boats running from here through the Canadian canals to European ports? A. I think the time is coming when they will do that—have to do that. When a man contracts to get freight to Liverpool at a certain time, and you have the congestion in Buffalo that you have had there year after year, he has got to do it that way. He is forced to. If he can not get it through one channel it has got to go the other.

Q. Would you consider that it would be a safe investment for capitalists to make—a company to construct and operate boats from Chicago and Duluth through the lakes and to the European ports? A. I am quoted as one of them now.

Q. You are a believer in that? A. The Illinois Transit Company was incorporated here the other day, and I am one of the incorporators.

Q. For the purpose of operating a fleet of boats from Chicago to European ports? A. Right through to European ports. I am one of the incorporators.

By Commissioner Smith:

Q. Is it the same company that Mr. Keith is interested in? A. No.

Q. What do you contemplate doing in the way of equipment? A. The trouble is we can not get our vessels built just now.

Q. What is your plan? A. Well, we are to get a line of steam-boats. There are people now corresponding with me——

Q. You haven't settled the details as to how many vessels? A. We would want to operate one a day, if we possibly could.

Q. One a day? A. From here.

By the Chairman:

Q. That would take a very large fleet? A. I mean to Montreal.

Q. You would break bulk at Montreal? A. Yes, sir; we can break bulk there or go on, just as we wish.

By Mr. Fairchild:

Q. Your idea is that in some cases you would break bulk there and in some cases you would not, according to the class of freight? A. Certainly.

Q. What class of freight have you principally in contemplation to go by way of these boats from Chicago—from the lake ports to the European ports? A. Principally grain.

Q. Principally grain? A. Of course we would have other—carry anything.

JOHN S. HANNAH.

JOHN S. HANNAH, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. Will you give your full name, Mr. Hannah? A. John S. Hannah.

Q. Your residence Chicago? A. Yes, sir.

Q. Your business? A. My business is commission and shipping grain.

Q. What is the name of your firm? A. Carrington, Hannah & Company.

Q. How long have you been in that business in Chicago? A. Oh, about twenty years.

Q. What is the nature of the business; are you an exporter of grain? A. No.

Q. Do you buy and sell to exporters? A. Buy and sell to exporters chiefly up to the present time.

Q. Have you observed any difference in the course of export grain as to what port it goes by, compared to former years, as between Montreal and Boston, New York, Philadelphia and Baltimore and Newport News? A. There has been a wider distribution of the grain at the ports. It clears through more ports than formerly.

Q. And has that been to the loss of New York? A. I think so.

Q. What port has been the principal gainer by that distribution? A. Well, I should say they vary. Some years Philadelphia and Baltimore have received its grain. I think the chief gain has been Norfolk and Newport News and the Gulf ports, because they have come from nothing.

Q. Is it not a fact that so far as the Gulf ports are concerned——
A. I should have confined that to Norfolk and Newport News.

Q. Take Norfolk and Newport News; to an extent doesn't that route affect a section of country that is comparatively a new section for grain producing? A. No; they enter right into the grain belt—draw right from the grain belt.

Q. They draw to some extent, too, from a point further south that is naturally tributary to the gulf as well as to Newport News? A. Are you speaking now of Norfolk and Newport News or——

Q. I am speaking of Norfolk and Newport News. A. They draw their grain from north of the Ohio river.

Q. So that you would not consider that as to the southern wheat that is naturally tributary to the gulf that the facilities at Newport News draw away from that—draw away from the section that would otherwise feed New York and Baltimore? A. Wheat is a very small portion of the freight of the southern route—that is, winter wheat. I really don't know to what extent Norfolk and Newport News ship wheat. I had in mind chiefly coarser grain, like oats and corn. The winter wheat just raised in Kansas, I imagine, goes through the Gulf ports chiefly and to some extent, of course, Newport News and Chicago. The great loss to New York has been corn and oats, I imagine.

Q. Where there has been an increase at Philadelphia, as against New York, what have been the elements that have resulted in that loss to New York in favor of Philadelphia? A. Well, I should say, partly from the fact that the differential in freights is in favor of Philadelphia, where they can get ocean tonnage at an equal rate and with a differential in rates in favor of Philadelphia, it would certainly add to the value of the grain.

Q. And would that reason apply equally to Baltimore? A. I think so.

Q. Of course the differential has existed for a great many years? A. Yes, sir.

Q. The facilities at Baltimore and Philadelphia have increased as a port for shipping? A. I don't know that that is true, that the facilities have increased. I imagine——

Q. The difference in ocean rates might have justified the differential upon the principle of equalization? A. That might be.

Q. So that, although the differential itself has existed for a great many years, there have been those changes of conditions—that is your idea, is it; so that the differential operates now more in favor of Philadelphia and Baltimore than it would twenty years ago? A. Well, I wasn't so actively engaged in the grain business twenty years ago as to express an opinion on that. I can only state what is the condition to-day. I noticed the tendency constantly has been that the ports like Philadelphia, Baltimore, Newport News and Norfolk are coming more into favor and I imagine that increased facilities at some of those ports have encouraged it.

Q. Then you attribute the fact of the increased business very largely to the railroad differentials? A. I think that is largely the case; yes, sir; and probably some other lesser charges that have been done away with, like transferring grain through the New York port from barges and elevators and towage and things like that. You take Baltimore, for instance, and the vessels come there and lay alongside of the elevator. I imagine they come up there without any towage largely. At Newport News they can run right up alongside of the elevator and the same way at Norfolk. You could almost load the grain from the cars into the

ship at those ports, and then with the differential in favor it adds something to the facilities.

Q. In your practical experience in shipping grain that is exported, do you know of any benefit possessed by New York not possessed by Philadelphia nor Baltimore, that would justify the railroads discriminating against New York in freights and in favor of Philadelphia and Baltimore? You have suggested the advantages Philadelphia and Baltimore have over New York. A. You want to know if any reason obtains why New York demands additional——

Q. That, in your opinion, would justify the railroads discriminating against New York in the freight rates? A. No; I do not.

Q. As between Boston and New York, what has been your experience or observation? A. Well, I really have no experience as regards Boston, because we have sold few parcels of grain through Boston to exporters and I really know very little about it. I simply know what the charges are there and we have never exported any grain, so that my opinion wouldn't be of much value to you.

Q. How about Montreal? A. I might say the same thing of Montreal.

Q. You have no particular observation of any increase in Montreal? A. No; not in export.

By Commissioner Smith:

Q. Do you handle any particular grain? A. No; chiefly coarse grain, corn and oats.

Q. Not much wheat? A. And wheat at times.

Q. More corn? A. The shipments from here are largely of corn and oats.

Q. Isn't it a fact that the corn seems to prefer Philadelphia and Baltimore and the wheat Boston, to the disadvantage of New York? A. I don't think so.

Q. You don't? A. I don't know of any reason why it should.

By Mr. Fairchild—Have you had any thoughts as to what should be done, or might be done, that would offset this tendency to send grain to other ports than New York? A. It seems to me

very patent what is the trouble, and that is that it costs more to ship the grain through New York than it does through these other ports. I am taking Liverpool as the objective point. They can take it through other ports for less money than they can New York. I assume that from the fact they give them the preference.

Q. And the preferential? A. And some minor charges might foot up.

Q. Minor charges in New York? A. Yes, sir.

Q. Have you personally had any experience with these minor charges? A. No; I can't say that I have, because, as I said, I haven't exported any grain through New York. All our grain has been sold to exporters.

Q. You have had no thought regarding the subject that has been discussed here to-day, the improvement of the Erie canal? A. The same thing would apply for export as it would for domestic purposes. There is no question about that, I think. That seems to be the practical way of getting grain to a long haul point as it does to a shorter haul point, and they have got to meet competition to the seaboard points both for domestic and export in order to obtain their share of the grain.

Q. You consider then that New York through the Erie canal has an opportunity that no other port has to more than meet competition and that that clearly points out the course that New York should pursue? A. Yes, sir.

By Commissioner Smith.

Q. You think that New York can do nothing with the railroads? A. Can do nothing with the railroads.

Q. That would bring about a different condition? A. I wouldn't want to make such an assertion as that.

Q. For relief to come through the railroads to the benefit of New York; I will put it that way? A. If we make a rate to New York the same as it is to Baltimore and Philadelphia, they will certainly stand on an equal footing.

Q. Then treated as an abstract question, do you think it could be done? A. I don't know that I am enough of a railroad man to venture an opinion on that.

By the Chairman:

Q. Then, in your opinion, if the differentials were eliminated you would prefer to ship to New York? A. I think the grain would seek New York from the fact that the exporters are there and exchanges all there and that is the central point for all the commerce. All the business that is done through these other points is done through New York. If we sell grain to Norfolk, Newport News or Philadelphia or Baltimore, it is done in New York.

Q. The financial part of it? A. The buyers are in New York, live there and buy there to clear through other points. I assume that if all other things were equal they would prefer the grain to come to New York and go under their own eyes.

Q. There is no preference as to the route? A. Oh, no.

Q. It is simply a matter of rate? A. In fact, Chicago does not direct those shipments, except they happen to have grain at the ports to offer. I imagine most of them, at least we do prefer to sell the grain to go from here on Chicago terms as final. Then the buyer has the direction of the grain. Sometimes it is carried to the seaboard and sold there, or sold en route.

By Mr. Fairchild:

Q. Your grain is mostly sold here in Chicago? A. Yes, sir.

Q. To the New York exporters? A. We give them the preference, always. Some times we have to load grain and forward it for some reason or other and in that way it is sold either en route or at the destination.

Q. When it is sold here you in each case know by what port that grain goes? A. We sell either Buffalo, c. i. f. Buffalo—that is the proper way of selling grain. It goes by the lake. We don't know what port it is going from, but the large percentage of grain that goes to Buffalo is cleared through New York. The larger percentage is through New York. The great portion goes through Philadelphia. Philadelphia takes her lake grain there too, but the larger portion is through New York I should judge. We have no means of knowing where it goes.

Q. Boston gets her grain from there too? A. Yes, sir; that is true.

Q. You wouldn't have any knowledge of your own—— A. No.

Q. As to where the grain goes when you sell it c. i. f. Buffalo?

A. No, we make a draft—bill of lading and that ends it.

Q. What proportion of your sales are c. i. f. Buffalo? A. Oh, I should say 90 per cent. of them.

By the Chairman:

Q. Mr. Hannah, do you know whether the New York inspection is more severe than Chicago? A. No; I don't think it is, except probably at certain—I don't know that it is at all. I was going to say at certain seasons of the year that they are, but I don't think so. New York is very liberal—is more liberal than Chicago on her inspection of grain, that is, for export—that is, when grain will go there and is merchantable when it wouldn't do to hold it in store and I think it is very trying to carry grain in the stores in New York.

Q. The Chicago inspection of grain is as high as New York? A. I think so.

By Mr. Fairchild:

Q. Have you ever known grain to go to ports other than New York by reason of the high inspection at New York? A. No.

By the Chairman:

Q. It has been so charged and stated that it was quite a factor. A. I don't think so.

Q. You think not? A. I think not.

By Commissioner Smith:

Q. Do you think the high inspection is an advantage to New York in the European markets? A. Well, I don't know exactly how to answer that. As I stated, New York has practically, you might say, two grades of inspection. For instance, she will inspect—in the matter of corn—it don't make so much difference in oats, but all corn New York will grade grain through for ex-

port; that is when the grain is going through without being held in New York for any length of time. They grade for export whereas they would not grade it strictly No. 2—speaking of corn, because No. 2 corn might go into store and be held there for months and probably it wouldn't be sufficient to carry but it would carry through—their export trade is about the same grade as the Baltimore and Philadelphia grade.

Q. The men in New York claim that it is very much more rigid, and that it is an advantage in foreign countries, and I didn't know whether you agreed with that. A. I am not familiar with that.

By the Chairman:

Q. Mr. Hannah, do you find the port charges of New York are higher than the other ports? A. I don't know the other port charges.

Q. You don't come in contact with them? A. No.

G. E. MARCEY.

G. E. MARCEY, being interrogated by Mr. Fairchild and answered questions as follows:

By Mr. Fairchild:

Q. What is your name? A. G. E. Marcey. I am with Armour & Company.

Q. You are manager of the transportation department, are you not? A. No, sir; I am cash grain man.

Q. You were before this Commission in Buffalo, were you not? A. Yes, sir.

Q. Will you give what information you have, Mr. Marcey, as to the conditions at the Gulf ports, of the extent of territory in your opinion, that could be properly said to be naturally tributary to the Gulf ports, the extent of territory which is naturally tributary to Chicago and the extent of territory that would be competitive as between the Gulf ports and Chicago? A. The States of Nebraska, Kansas, Iowa, Missouri, Illinois, are all competitors with the Gulf.

By Commissioner Smith:

Q. Illinois? A. Yes, sir; the States of Indiana, Ohio, Minnesota and South Dakota, and North Dakota, are all competitive, Montreal, Boston, New York, Philadelphia, Baltimore, Newport News and Norfolk.

By Mr. Fairchild:

Q. For the moment my question was directed not to the Atlantic seaports but to the grain coming to Chicago. As between Chicago and the Gulf ports, what territory is competitive? A. As I stated, there are Nebraska, Kansas, Missouri, Iowa, Illinois.

Q. Now, what territory is naturally tributary to Chicago? A. Well, you can call northern part of Kansas, Nebraska, Iowa and portions of Illinois.

Q. Northerly part of Illinois? A. Yes, sir; Wisconsin and southern Minnesota and part of South Dakota.

Q. What territory would you say is naturally tributary to the Gulf ports? A. The southern part of Illinois and southern part of Kansas, Indian Territory.

By Commissioner Smith:

Q. Any of Nebraska? A. No; of course the Missouri Pacific and other railroads, the Santa Fé Railroad, they disagree and say it is tributary.

Q. What you are explaining is what is naturally tributary? A. The territory was tributary to Chicago for a great many years and up to about eight or ten years ago.

By Mr. Fairchild:

Q. In the competition between Chicago and the Gulf ports, from how near to Chicago has grain been taken to the Gulf ports? A. About seventy-five miles.

Q. Any nearer than that? A. May have been, but that is where the Illinois Central runs, about up within seventy-five miles.

Q. Now, in the competition, would you say that everything has been done that could be done in securing a minimum rate from

the grain fields to Chicago? A. The rates are a great deal lower than they were formerly. Western railroads have reduced their tariffs from time to time a great deal and they are as low now as they claim they can afford to haul the stuff.

Q. How do the rates from the grain fields to Chicago compare with the rates easterly from Chicago? A. They are a little higher per mile, for the reason that the western roads can not handle it so cheaply, for the reason that they accumulate the grain in car-load lots—put a car at a station and let it stay there two or three days and fill up, whereas the eastern railroads come into Chicago and make up 5 or 75 loaded cars in a train without any delay and pull them out, and naturally can handle the grain a great deal cheaper. The western railroads have to take a car and put it into the train, car by car.

Q. When you take into consideration the additional service performed by the western railroads to Chicago, how would you say that the rates compare on the western railroads with the eastern railroads? A. I should think the western railroads would be fully as cheap as the eastern.

Q. Would they be any cheaper? A. Well, I don't know. I am not enough of a railroad man to talk on that. It is a pretty hard guess. I have never watched operating expenses and never figured it out. The railroad men have that all figured out.

Q. Do you know the exact difference in rate prevailing now or recently between the western railroads and the eastern railroads? A. I don't understand what you mean.

Q. As to actual rate—difference per mile? A. I don't know.

Q. You know it is very close, but don't know exactly what it is? A. I don't know whether it is close or not—never figured on it.

Q. I thought you said it was close? A. You can tell by the earnings of the western roads. The western railroads make so much per cent., and the eastern roads make so much per cent., and the officials figure it out.

Q. I understand you to say that the rates on the western railroads to Chicago had gotten down pretty close to the eastern railroads from Chicago? A. In comparison with the amount of labor

involved and the expense. It would be just my guess. Anybody could probably make a guess as close as I can on that.

Q. Mr. Marcey, you have studied the conditions at the gulf ports and also the conditions at the different Atlantic ports relating to transportation of grain? A. Yes, sir.

Q. Will you give the result of your observation and study in your own way, and any suggestions that may have occurred to your mind? I will not interrupt you with any questions. A. I don't quite understand—you mean as compared with the Atlantic seaboard?

Q. Not only with the Atlantic seaports and the gulf ports, but between themselves; the different problems of transportation in relation to grain. A. I may not exactly answer your question just as you ask it.

Q. I simply want you to go ahead in your own way. A. Take Galveston. They have two or three railroads in there which run north, run into the Indian Territory, Kansas, and up into Nebraska, Kansas City. Those railroads are making great efforts to pull grain to Galveston, in order to export through that port. They have within the last year or two, or the last few years, constructed three or four big elevators. They have ocean lines running to different foreign ports, besides they get tramp vessels. The railroads assist these ocean liners all they can, take cotton in and merchandise back from them into this same territory. The next point is Sabin Pass and Port Arthur; they are both very close. One of them is built up—the Pittsburg and Gulf. They have an elevator built there and are doing their best to start an export business, but they are handicapped for the reason that they had to build a canal on account of some real estate speculation. They are not in as good shape as the Galveston people are. They run into Kansas City and Omaha and make some very low rates. They have made some very low rates on merchandise, and had all the western roads, that is from New York west, in a hard fight with them. They finally got as far as to have the court and receiver agree to some arbitration in an attempt to adjust the matter. The Pittsburg and Gulf insisted upon hauling that business.

They take it by way of Port Arthur and by rail they fetch it into Kansas City, Omaha and all the territory west of there, merchandise, and of course naturally they pull a large amount of grain to go for export by these ports. New Orleans, the Illinois Central are in there, also the Kansas City, Fort Scott and Gulf. They get in, I think, over the Illinois Central. The Illinois Central built three or four large elevators and are making an effort to draw all their grain from Illinois and Iowa via New Orleans, instead of allowing it to come to Chicago and go east from here.

Q. By rail? A. By rail.

Q. Because there is more in it for them? A. Yes, sir.

Q. And all these efforts have resulted in a larger amount of grain being taken from Chicago? A. An immense amount. Statistics will show a great increase in the gulf shipments the last year.

Q. Which is a loss to Chicago? A. Yes, sir.

By Commissioner Smith:

Q. Is that due to these new conditions you have explained? A. Yes, sir. At Pensacola the Louisville and Nashville have an elevator there and pull grain out of St. Louis for export. St. Louis goes back into Nebraska and Iowa and pulls the grain into St. Louis. Out of St. Louis the different roads to Norfolk and Newport News run and Philadelphia and Baltimore.

Q. Hasn't there been a steamship line established at Mobile with connections to the west? A. They are working on that line, although there has been but a little amount of grain taken that way. They are working at it to increase it. Pensacola seems to be the favorite port, for instead of Mobile they use Pensacola. They get better water there.

By Mr. Fairchild:

Q. What efforts, if any, have you made, or are you making, to secure for Chicago that business, or any part of that business?

A. The Chicago railroads have insisted on having their share of the business, and fight the Gulf more or less.

By Commissioner Smith:

Q. Through rate wars? A. Yes, sir.

By Mr. Fairchild:

Q. Has that resulted in an agreement between the Gulf railroads or the Chicago railroads? A. Yes, sir; things are better now than they were a few years ago; getting in better shape. The main thing that has helped Chicago out the last few years has been Montreal. All of us went to New York and begged the trunk lines east of Buffalo to reduce their charges or do something to help us from losing all that business to the Gulf.

Q. How long ago did you begin that? A. About four or five years ago. We begged them and told them it was going and asked them if they couldn't possibly do something to reduce their rates east of Buffalo so that we could use the water transportation. The officials of the eastern roads stated that the grain business did not pay them much and they would practically prefer to ignore it. When we told them that before they got through they would find that merchandise would go the same way they laughed at us.

By the Chairman:

Q. What has been the result? A. The merchandise is going just as we told them. In the meantime Montreal has come to our rescue, and as far as Chicago is concerned, we don't care very much what New York does do.

Q. You can get all the facilities you want at Montreal? A. Yes, sir, and especially since this new deal of Connell's.

Q. Has that been consummated? A. Yes, sir.

Q. Explain what it means. A. The Canadian government have given him a million-dollar piece of property on which he is to construct a three million bushel elevator at Montreal. His company agrees to build from seventy-five to eighty thousand bushel boats to run from Port Colborne to Montreal, or through to the other side if necessary, and at Port Colborne he is going to build a large elevator so that the different lake vessels can unload there.

Q. Is that a good port? A. I don't know.

By Commissioner Smith:

Q. That is the Welland canal entrance? A. That is the end of the Welland canal. The 300,000 bushel boats on the lakes will take the stuff that far or it may be that the larger boats will come through to Chicago.

By Mr. Fairchild:

Q. Then this effort will take the grain away from Buffalo as well as the port of New York? A. Yes, sir. It puts all the lake cities in good shape.

Q. There isn't anything that Chicago can do substantially, so far as the west is concerned, to offset this competition with the Gulf that has not been done and Chicago must necessarily look to the east for relief? A. That is right.

Q. And they made that effort to secure a release through the railroads and through the State of New York and failed in that, but they have found relief at Montreal? A. From the Canadian government.

By the Chairman:

Q. How many months are you dependent on the railroad? A. Five months.

Q. Will the Canadian railroads be in a position to give you facilities in the winter? A. Not to any advantage over the New York railroads.

Q. Equal? A. Fully equal.

Q. Fully equal? A. Yes, sir.

Q. How often do you have to break bulk from here to the ports? A. By the Canadian water route?

Q. Yes. A. Well, break twice; sometimes——

Q. What are the charges? A. The rates are all quoted at and east of the lake port aboard ship at Montreal. They quote us the rate right aboard the ship.

By Commissioner Smith:

Q. You mean the canal syndicate. A. No, the Grand Trunk, Canadian Pacific or Canada, Atlantic.

By the Chairman:

Q. Can you get the same facilities to New York? A. How do you mean—get the rate quoted?

Q. Yes. A. Yes, sir, but it usually figures more.

Q. Why? A. On account of the extra charges in New York city.

Q. In the port of New York? A. Yes, sir.

Q. I believe you stated before our commission in Buffalo that the International Elevator Company charges were high—one and one-quarter cents a bushel, wasn't it? A. That is, they are supposed to charge a cent and a quarter.

Q. They are claiming that their actual charges are only three-quarters of a cent? A. If that is the case they are doing the business at a fair price. It isn't low. While they are at work at three-quarters of a cent it pays them good money, but of course it must be borne in mind that they probably have fifty or sixty floating elevators that may, for a week, lie idle and the expenses go on.

Q. That is what they claim? A. So that while they do get work—while they make money after all they have lost so much by what they lose from expenses while idle. If they are handling business for five-eighths commission or three-quarters there is a profit in that.

Q. I believe you operate an elevator in New York? A. No, sir.

Q. Your concern? A. No, sir; that was another Armour.

Q. Are you familiar with what the actual cost was? A. In New York?

Q. Yes? A. No, sir, not in New York.

Q. Is there any one in the city who could tell? A. No, sir. I don't believe he really had much to do with it. I think he just had some stock or something.

By Commissioner Smith:

Q. You think that the present charges for elevating grain in New York are fair? A. The floating elevator charges are fair, but their system is wrong.

By the Chairman:

Q. In what way? A. They should have elevators for the grain to unload into and then load the vessels direct.

Q. And not to transfer from their elevator into another boat? A. The way they do it now, they take it out of the car into their elevator, just dump it into the canal boat and then tow the canal boat alongside, and there is a high charge and shrinkage and then the other charge of three-quarters of a cent for transfer into the ocean steamer. All that is expensive. They should load directly from the elevator into the steamer. That is the way they do in Philadelphia and Newport News and Baltimore.

Q. What do they charge? A. I don't know what their actual charges are.

Q. You know there is a law that restricts the charge to three-quarters of a cent—five-eighths? A. Yes, sir; the floating elevator charge, five-eighths of a cent for weighing and one-half cent for transportation.

Q. Do you ever receive any rebates from that company? A. From the floating elevator company?

Q. Yes. A. I don't care to answer.

Q. You know it is customary to give rebates? A. I have been told so. I would just as soon answer that question. We have sold stuff and had it f. o. b'd at New York for a certain rate. We don't receive the rate, but it is less than one and one-quarter cents. A New York commission firm does it for us.

Q. They claim to give rebates, so it is no secret? A. A New York commission firm did it for us.

Q. Are you acquainted with the lighterage system of New York? A. To a certain extent.

Q. What are their charges? Do you think they are exorbitant? A. Well, of course, I don't know what they actually charge. It is generally understood that the lighterage charge is cut—that the companies cut their charge very often.

By Commissioner Smith:

Q. In what way? A. Cut it to the railroads.

Q. Rebate it to the railroads? A. Just simply don't charge the full three cents a hundred. They are supposed to charge three cents a hundred.

Q. It does really stay with the railroad you think? A. Sometimes the lighterage company don't collect from the railroads the full amount.

By the Chairman:

Q. Have you any experience as to the cost of lighterage? A. No, sir.

Q. You have no such companies here—lighterage system? A. No, sir; we lighter direct to vessels.

By Commissioner Smith:

Q. Have you anything in mind that your company would do in case New York would improve her canals, that you could tell our commission? A. Well, nothing particularly that we would do, except that I think——

Q. Or assist in doing? A. I think the western grain people the moment the canals were enlarged so that we knew just what sized boats could navigate, I think the different grain people would immediately see that the boats were constructed.

Q. You think it would be to the interest of the people handling the grain to build new canal boats? A. Yes, sir.

Q. After the size of the canal was settled? A. No doubt of it. In fact, some of the western flour millers have talked about doing that just the moment they know the size of the canal and know when it would be ready for a fleet of canal boats. As it is to-day there is nothing reliable on the canal. Bills of lading are insecure and claims for damages are almost impossible to collect. New York should change her law regarding the amount of capital that a canal company may have. It is a very bad law they have now. I think it limits them to \$50,000, that any one concern can have operating canal boats.

Q. Have you anything to suggest in the way of terminals that your people would think necessary before they would go into this construction? A. I think the terminal question will very

soon be settled by the different railroads. They are all working on it now. I think it is only a matter of time before they will construct elevators themselves.

Q. At New York? A. At New York. I think western people have figured on building stationary elevators in New York, but they have kept from doing so because it looks as if the railroad people would build them themselves and operate them the same as they do at Baltimore and Philadelphia.

Q. In the business of operating canal boats I will ask whether you have in contemplation merely the grain business or general production and merchandise of all kinds? A. Well, I only speak for the grain business, but naturally it would bring a large amount of merchandise. The flour mills are interested in it.

Q. What about provisions? A. I couldn't answer that. I hardly think it would be practicable as most of the provisions are shipped in refrigerators.

By the Chairman:

Q. I want to ask you this question in reference to inspection: Do you think that the New York inspection is a factor to give any preference to New York? A. No, sir.

Q. It is claimed in New York to be? A. I think the New York inspection is very fair. It is right in line with Baltimore and Philadelphia, Boston or Montreal. I think there is very little difference in any of them. I don't think it cuts a figure one way or the other.

Q. Isn't it more severe than any other port? A. I don't think so, except on stuff going to store. Stuff going to store and which is going to lay there three or four months, they are very rigid and see that nothing is put there that will get out of condition; but outside of that I don't think they are very rigid.

Q. Did you ever have any experience with the inspection of the International Elevator Company? A. I don't think they have any inspection.

Q. They claim to inspect and include that in their charges—free inspection? A. I don't know anything about that, but I should judge that they have the official Chamber of Commerce inspection.

Q. I quote a letter addressed to our Commission by this elevator company's attorney: "I wish to particularly call your attention to the division into two classes of the services rendered by International Company the one of which I call transferring grain, and which includes elevating, receiving, weighing and discharging, and is regulated as to price by statute. The other I call forwarding, and which includes taking charge of the grain for the buyer immediately upon its arrival in New York, inspecting it at once for him, expediting the movements of the lighter or canal boat alongside the ocean vessel, blowing, screening and mixing the grain, trying samples of it and finally inspecting it in the hold of the steamer and issuing an inspection certificate. That has never been regulated, and, being entirely private, I submit is not subject to legislative regulation of price." They claim that they have a number of subdivisions like inspection?

A. I would call that superintendence. They superintend the loading and watch after the inspection of the Produce Exchange inspector.

Q. They have a separate inspection of their own which they claim is very much in favor in Europe and gives a superior advantage to grain shipped from that port, and receiving their inspection. A. It may be. I don't know anything about it.

Q. And the greater fining down in grades inures to the advantage of shippers by getting a higher price for the grain; that is their claim. A. I never heard of it.

By Mr. Fairchild:

Q. Mr. Marcy, what can New York do to offset what has been done by Canada? A. Enlarge the Erie canal so that canal boats about 20,000 to 30,000 and 35,000 bushels can run down.

Q. You think that would be sufficient to compete with the Canadian canal? A. Yes, sir.

By Commissioner Smith:

Q. Would you think that it would offset the new advantages that Canada has just obtained? A. Well, it would help offset it.

Q. You are not sure it will entirely offset it? A. No, for the reason that Canada has secured some pretty good advantages which it is going to be pretty hard to overcome.

Q. Have you any knowledge of anything connected with this Parry sound route, other than as a mere business proposition?

A. You refer to the Canadian Government being interested?

Q. Yes, or anything else. A. The Canadian Government has encouraged it.

Q. By subsidies? A. I understand so, although I am not positive of it.

Q. What is the purpose of it, to get the business that way?

A. Open up a large country in through Canada—lumber country—and help take this grain through Montreal—increase Montreal's business and Canadian business.

Q. By getting this through perhaps it will help develop the interior of the country; you think that is their plan? A. Partly.

Q. Without that they couldn't succeed, you think? A. Oh, no; they couldn't get business enough out of their own country to pay to operate the road.

Q. And the through business wouldn't pay without this aid? A. Well, that I am not prepared to say, although they have handled so much business it almost seems as if they must be making money. They handled an enormous amount of business this year.

Q. At very low rates, comparatively? A. Well, lower than New York.

An adjournment was then taken until Wednesday, November 29, 1899, at 11 o'clock a. m.

MINNEAPOLIS, MINN., *November 24, 1899.*

Session of the subcommittee of the Commerce Commission of the State of New York, held at room 40, Chamber of Commerce building, Minneapolis, Minn., on Friday, November 24, 1899, at 11 o'clock a. m.

Present: Members of the subcommittee.

H. P. GALLAGHER.

H. P. GALLAGHER was interrogated by Mr. Fairchild, and answered questions as follows:

Q. Mr. Gallagher, will you give your full name? A. H. P. Gallagher.

Q. Your residence, Minneapolis? A. Twenty-eight hundred and twenty, Portland avenue.

Q. Minneapolis? A. Minneapolis.

Q. And your business? A. Manager of the Consolidated Milling Company—Northwestern Consolidated Milling Company.

Q. Well, now, if you will proceed. A. Well, in my opinion it is merely a matter of rates. New York at one time carried a very large portion of our business, but there are so many drafts in New York on this business, which come in addition to what we term the through rate here, that business has gradually drifted away.

By Commissioner Smith:

Q. Just explain in detail. A. Well, for instance, the terminal charges. That will apply particularly to the grain. Of course, that doesn't affect flour. The three cents terminal on lighterage allowed at New York has proved detrimental to New York. Of grain, the bulk of that seems to be going by way of Newport News, and the elevation of grain is included in the through rate.

Q. You mean there is no charge for it? A. There is practically no charge, and the through rate is less to-day than it is by New York.

By Mr. Fairchild:

Q. You know that the through rate for the grain at Newport News, including elevation, is less than at New York without elevation? A. Including the terminal charges it is less than New York, and that I think is the condition probably nine months of the year. On flour, take it for instance to-day, we can ship by Newport News, which is an all-rail route, at a lower rate than we can by taking the regular freight from Minneapolis to New

York and adding to that the current ocean rate. In addition to that, the Newport News route——

By Commissioner Smith:

Q. How much would you say it is to-day? A. I should say it is about two and one-half cents to-day.

Q. A barrel or a hundred pounds? A. A hundred pounds. In addition to that, the Newport News route, which is practically the Chesapeake and Ohio, is an all-rail route, and we are not obliged to pay the insurance that we are obliged to pay on the northern route.

Q. Isn't the rate so much less that it is profitable to ship by the lake? A. It ought to be, but it isn't. I think nine months of the year it is cheaper by rail.

Q. Any year? A. Yes, sir; any year. I say any year—within the last three or four years, because that route has been practically developed within that time. The Pennsylvania Railway owns its own elevators at Baltimore and I think they absorb the charge on grain.

By Mr. Fairchild:

Q. The Pennsylvania Railroad at Baltimore? A. Yes, sir; and also at Philadelphia. They own their own elevators there, and on grain I understand they absorb the elevating charge, which is a separate charge altogether at New York.

Q. How long have you been in the flour business here in Minneapolis? A. Twenty-five years.

Q. And how long have you been the manager of the Northwestern Milling Company? A. Well, only since last July.

Q. You export directly from here to the foreign ports? A. Yes, sir.

Q. You do your business that way altogether? A. We contract for a through rate to London, Liverpool, or whatever port we ship to.

Q. To what extent, if any, do you now ship flour by way of New York? A. I should say probably thirty per cent. I haven't looked that up carefully, but that is as near as I can estimate it.

Q. Is that a reduction in amount from what you have shipped?

A. Yes, sir.

Q. Will you explain to what extent it has been a reduction—what your proportions were a few years ago? A. Of course I will have to give you an estimate as near as I can figure the thing out.

Q. Yes? A. I should say we shipped eighty-five per cent. of our flour by New York prior to six years ago, and I don't think over thirty per cent. of it goes that way now.

Q. That has been a gradual reduction from eighty-five to thirty per cent.? A. Yes, sir; that these outside ports or routes develop.

Q. And they offer additional facilities which affect the cheapness of the rate? A. Yes, sir.

Q. Do you ship any by way of Boston? A. Yes, sir.

Q. To what extent—I mean to estimate it in percentages? A. Chicago ten per cent. Not in excess of that.

Q. Has there been any increase by way of Boston, compared to former years? A. Not as far as my business is concerned.

Q. It remains about the same? A. About the same; yes, sir.

Q. How about Philadelphia and Baltimore? A. Well, the other sixty per cent. of our exports are divided practically between the Newport News route, Baltimore and Philadelphia. I think the Newport News route gets the major portion.

Q. Between Newport News and Baltimore and Philadelphia the Newport News route is increasing, is it? A. Yes, sir; it is on the increase all the time.

Q. How about Montreal? Do you ship any by way of Montreal? A. During the summer months we ship some by Montreal, but this year very little. Last year we had quite a heavy business there.

Q. Has it remained about the same as to Montreal for a number of years past, or is it on the increase? A. Last year Montreal was heavier than it was ever before with us.

By Commissioner Smith:

Q. Do you mean the present year? A. No; I mean 1898.

Q. You did a big business there in 1898? A. Yes, sir.

By Mr. Fairchild:

Q. In 1899 there was a decrease? A. In 1899 there was a large decrease, and in 1897 we shipped very little by way of Montreal.

Q. Can you explain the element that entered into the large increase by way of Montreal? Of course, it was a lower rate.

A. A question of rate; that is all.

Q. Do you know the elements that entered into that lower rate—brought it about? A. No; I couldn't say that, unless it was that at the beginning of the season the Montreal rate was abnormally low and we, in anticipation of an advance, booked very heavily for forward months. That would make—account for the large tonnage going via Montreal in 1898.

Q. You don't know why it was low? A. No.

Q. Or whether the elements that made that rate were permanent elements or a temporary condition? A. It was a temporary condition. Late in the season the rate was advanced and practically kept on a par with the American ports. We having booked for forward shipment to a large extent—booked them in June and we booked for July, August and September large quantities, because we thought the rate was lower than it should be, and our prediction proved correct in that instance because the rate did go far beyond that. However, these old contracts had to be carried out and that brought the tonnage at Montreal up.

By Commissioner Smith:

Q. Did that cause a large decrease in business? A. Yes, sir.

Q. Is that business on a par with the American ports or less?

A. When it is on a par with American ports we give American ports the preference.

By Mr. Fairchild:

Q. During these years, when there has been a decrease by way of New York, has your attention been called to any items of expense by way of New York, in the port of New York, that has caused the larger charge there? A. No; we are in the habit of securing the best through rate we can get by any of the ports. It is offered to us by the local representatives of the different

lines. We make no discrimination between New York, Newport News, Philadelphia and Baltimore. It is merely a question of rate with us.

Q. And you do not know what the elements are that make that up? A. No, sir.

Q. You know of no terminal charges at New York on flour? A. No, sir; none on flour. The lighterage allowance there makes me think some lines are in a mind to favor other ports.

Q. The railroad companies insist that the shipper does not pay that charge because their through rate is the same? A. Yes; but it comes out of the Eastern portion of the through rate, or practically out of the through rate. On quoting a through rate from here the terminal allowance of three cents is deducted always before prorating.

Q. Those rates are made in the West. Would the fact that the Eastern railroads terminating at New York require that allowance for lighterage induce the agent for the Western roads to make a more favorable rate by the ports where they would not have to allow for the lighterage? A. The Western railroads have to stand their proportion of that lighterage allowance. I think they would discriminate against New York on that account. That is merely a matter of opinion though.

By Commissioner Smith:

Q. You never heard them say so? A. No; but I judge the preference they show for the other ports will be the only explanation.

Q. That is the only reason you think of? A. Yes, sir.

By Mr. Fairchild:

Q. Do you ever contract or endeavor to ship more by way of the lakes and canals? A. No; we never have.

By Commissioner Smith:

Q. Do you handle grain? A. No; we don't handle grain.

By Mr. Fairchild:

Q. I mean flour. A. No, we have never shipped any by that plan.

Q. You have never considered that subject? A. That matter was advocated pretty thoroughly by Erastus Wiman, but I understood his proposition embodied a guaranty from the shippers that they would give him a certain tonnage during the season.

By Commissioner Smith:

Q. I understand he did give a guaranty? A. He did not get a guaranty from us. I understand he did from some of the shippers.

Q. There was no arrangement entered into between your firm and Wiman? A. No, sir; none at all.

Q. Not only Mr. Wiman but a number of representatives of the western flour men in New York testified that those arrangements were entered into, and that the one thing that prevented their being carried out was the inability to secure terminal facilities in New York for flour going by the canal. Do you know anything about that? A. I know nothing about it. I have heard that same report probably.

Q. You have had your attention called to the question of terminal facilities? A. No, sir, we made no contract with Mr. Wiman in regard to shipping by the canal and so we were not particularly interested.

By the Chairman:

Q. Do you know who did? A. No, sir, I couldn't say.

By Commissioner Smith:

Q. You were not connected with your company at the time he was getting those contracts? A. Oh, yes, I have been with our company for twenty-five years.

Q. I thought you said only since last July? A. In the capacity of manager since last July. However, my duties were always in connection with the traffic department, so I had control of that prior to that time.

Q. Would you say what objection you had to shipping by the canal? A. We did not think it would be a feasible scheme.

Q. Why? A. Because we thought the trunk lines from Buffalo on would put in a bid that would shut off the canal entirely.

By Mr. Fairchild:

Q. You would be favored by them? A. That is true.

Q. At the present time the canal is not competing with the railroad to a sufficient extent to secure that? A. If we had been obligated to the canal we would not have been in a position to take advantage of any new rates. For that reason we held out and did not go into any arrangements with the canal in regard to any specified tonnage.

Q. If the canal were in a position so that it could compete with the railroads on flour you would use the canal at that lower rate without any contracts from Mr. Wyman or anyone else? A. Yes, sir, I understood we were at liberty to use it at any time.

Q. Have you ever considered what was necessary to be done to make the canal a competitor with the railroads on flour? A. I don't think they have the facilities at Buffalo nor the facilities at New York.

Q. The terminal facilities? A. Yes, sir.

Q. You mean by that then that the essential thing to be done to make the canal a competitor with the railroad is to provide not only the canal but also terminal facilities such as the railroads have? A. Yes, sir.

Q. In both Buffalo and New York? A. Yes, sir.

By the Chairman:

Q. That is storage facilities? A. Well, either storage facilities or warehouse for warehousing the flour until it could be transferred from the railroad to the boat line.

By Mr. Fairchild:

Q. You would say it is impossible to ship flour by the canal without terminal facilities at Buffalo to receive it for shipment? A. Yes, sir.

Q. And terminal facilities in New York to receive it after it has arrived there? A. To get anything like good service.

By Commissioner Smith:

Q. Do you think it would militate against your business at all so far as it was carried on by the railroads if you were to have your flour carried by the canal? A. No, I can't say that it would.

By the Chairman:

Q. Mr. Gallagher, have you anything to suggest to us—your ideas as to what could be done in New York and Buffalo? A. No; as I said before it is just a matter of rate with us. We are not inclined to discriminate against any one of the American ports. We give them the preference over Montreal or outside ports. I have nothing to suggest that would change the situation except the through rate.

Q. Suppose the differentials were abolished, would that be any inducement? A. As between New York, Baltimore and Philadelphia?

Q. Yes, Newport News and New York. A. That might remedy matters temporarily.

By Mr. Fairchild:

Q. What do you mean by temporarily—until a new differential was produced? A. Yes, sir; or until they found some way of evading or overcoming the abolishment of the differential.

By Commissioner Smith:

Q. If the differential were abolished you think it would favor New York? A. Yes, I think it would temporarily, but I still think there would be some way of getting around the differential.

Q. Do you mean by that that the railroads to other ports would devise some scheme by which they would get their share of the business? A. Yes, sir.

By the Chairman:

Q. You ship principally by rail from here during the lake and rail season? A. We ship lake and rail usually, but as I said a while ago the Newport News route which is the all-rail route has been getting I think fully thirty per cent. of the export business in spite of the lake and rail route.

Q. That is all the year around? A. Yes, sir.

By Mr. Fairchild:

Q. What is the difference in the insurance item between shipping by rail and on the lake? A. We estimate it about a cent a barrel—half a cent a hundred.

By Commissioner Smith:

Q. Do you get about as good dispatch lake and rail as all rail? A. No, we don't get as good dispatch.

Q. Don't you? A. No, sir.

Q. What difference is it? A. It is very irregular. On the lake and rail business we have to ship from here to one of the lake ports. It is there transferred to the boat and transferred again at Buffalo. It simply saves the transfer, as by rail it goes through on our own cars, without any transfer at all, and there is never more than one transfer, and that is at Chicago or the junction point. The time of shipment is usually twenty per cent. less.

By the Chairman:

Q. Mr. Gallagher, suppose New York would establish the same facilities as Newport News has, so that you could ship by rail to New York steady, and have no lighterage charge, the flour being transferred from the car to the ship, would it then be an inducement for you to favor New York? A. I couldn't say that, sir.

Q. That would do away with the differentials and the lighterage charge? A. Yes, sir; I think by doing away with the differential, I think New York would get——

Q. The lighterage charge is three cents; that is quite an item, isn't it, in your business? A. You understand we do not really have to assume that charge.

Q. You don't? A. The lighterage comes out of their rates before the prorating is done.

Q. It would make a difference of six cents? A. Yes, sir.

Q. If those facilities were established in New York city, and which I understand some capitalists contemplate—Greater New

York has a territory now of 370 miles and has a large territory where they can erect just such dock facilities as Newport News has to-day, and New York is, no doubt, now awakening to her interests; if that could be established do you think New York would be a favorable port to ship through? A. I think it would.

Q. All conditions being equal, you would favor New York?

Commissioner Smith—Is that so, Mr. Gallagher?

A. Would we favor New York?

The Chairman—All conditions being equal?

Commissioner Smith—Rates the same and despatch equal?

A. No, I couldn't say we would.

By the Chairman:

Q. Here are the financial advantages you have there, your bills of lading and your drafts, etc., which you do not have at Newport News. They have no advantages? A. No; none at all.

Q. It is simply a terminal port? A. Well, there is no question but what that would prove very beneficial to New York, and their export business would be increased materially by that change. As far as our discriminating in favor of one point or another is concerned, I am not prepared to say about that. We naturally would ship to New York, because the facilities are better and our export tonnage would naturally increase that way.

Q. I understand that sometimes the shippers have great difficulty with their drafts if they ship through different ports other than New York city. Is that so? A. We have had none of that, though I am not prepared to say on that. We have had no trouble at all.

By Mr. Fairchild:

Q. What is the difference under present conditions in the through rate via Newport News and via New York? A. I think it is about two and a half cents a hundred to-day.

Q. Well, then, it would be less than the differential? A. The differential would be three cents a hundred, would it not, between Baltimore and New York? That is a trifle less than the differential; yes, sir.

Q. Would that indicate that the natural conditions with the differentials wiped out would amount to half a cent in favor of New York? A. Yes, sir; it would be half a cent in favor of New York.

By Commissioner Smith:

Q. With the lighterage maintained? A. With the lighterage maintained; yes, sir.

CHARLES E. FRENCH.

CHARLES E. FRENCH, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. Will you give your full name, Mr. French? A. Charles E. French.

Q. And residence, Minneapolis? A. Minneapolis.

Q. And business, flour and exporter? A. Flour mill.

Q. You export flour? A. Yes, sir; L. Christian & Co.

Q. How long have you been in that business here? A. Oh, we have been in the milling business—not exactly this firm, but in the milling business for 17 or 18 or 19 years.

Q. If you will proceed with what you were going to say in regard to this matter when I interrupted you? A. Why, I stated that I did not think that I could make much more explanation than Mr. Gallagher had given, because we are very much in the same line. It has occurred to me that if that canal could be opened with the proper facilities, both at the western and eastern end, that it would be a regulator of rates, and it seems to me that New York, having that advantage, if it was used for everything that was in it, would give her the preference. The probability is that the cheapness with which that stuff could be handled from Buffalo, New York, would make up against any differential that Baltimore or Newport News would have.

By Commissioner Smith:

Q. Has the idea ever presented itself to your mind, or have you ever discussed the question, of establishing your own canal boats,

if proper terminals were provided? A. You mean individual canal lines or individual lines from here?

Q. The aggregation of millers here, for instance. A. No, sir; that has never been suggested, and I do not believe it is practicable. We have got to make a connection with the local railroads first and their connection is the one that we always have to use going down the lakes. For instance, the millers of Buffalo have used their own private boats, but I do not think the millers of Minneapolis have ever used their own private boats shipping from Duluth or Superior to Buffalo. That rate is made in connection with the local roads.

Q. That would not apply in the matter of Duluth shipments? A. No. Duluth has better facilities for making these independent shipments than Minneapolis, because the local rate from here to Duluth is rather better on the through rate than could be made on the local rate.

By Mr. Fairchild:

Q. You would say that it would be absolutely essential to provide terminal facilities at Buffalo and at New York, in order to have flour shipped by the canal? A. Yes, sir; you would have to have warehouse facilities in Buffalo to take the shipments as they came from the steamer and then there would be a necessary transfer from there to the canal boats and the same facilities would have to exist at the eastern termination or else the canal would be in the same shape as it is now.

By Commissioner Smith:

Q. What effect would the individual ownership of canal boats in one small fleet have upon your bill of lading? Would it affect your bill of lading unfavorably if the shipment was made by an individual canal boat owner? A. I should think it would. I don't think we could do that business at all. We would have to do a shipping business on the canal, and reside in Minneapolis.

Q. You don't think that Minneapolis is so situated that it could patronize the canal under any circumstances? A. Not with its own boats.

Q. We are told that one of the difficulties of shipment by canal is the irresponsibility of individual boat owners. I wanted to know if that is your view that they are irresponsible, because owners of only a small amount of property? A. I should think at present it would be.

Q. It would at present affect your bill of lading to ship by a small owner? A. Yes, sir; I should think it would.

Q. It would be necessary to have a large company? A. If the proper facilities were established by the canal I don't think it would be long before they would have the facilities for shipping.

Q. So that it would not affect your bill of lading? A. It would not in that event.

By Mr. Fairchild:

Q. Suppose all these facilities were established at each end of the canal, and through the canal, would you still be to an extent in the hands of the railroads in such arrangements as they would want to make from Minneapolis to the lake? A. To a limited extent; yes, sir.

Q. If they were disposed to discourage shipment by the canal you would be in their hands? A. They might make a rate from here to Buffalo, for instance, and then another rate to New York. In other words, the canal would force them to cut their rates to the extent that they might be able to do the business still.

By Commissioner Smith:

Q. By rail? A. By rail. The railroads have always fought the canal.

By Mr. Fairchild:

Q. They could make as high a local rate from here to Buffalo? A. At forty cents a barrel to Buffalo, for instance, and forty-five cents a barrel to New York. In that case the all-rail route would probably be more advantageous to the shipper than to bring it to Buffalo and break bulk at Buffalo.

Q. And that would be true of Minneapolis but wouldn't be true of Duluth? A. Well, it would be true to a certain extent.

Duluth might ship stuff by local boat and connect with the Erie canal and get a bill of lading from New York by establishing a sub-office there—something of that sort.

Q. It would be easier to have an independent lake line established than to build a new railroad? A. Yes, sir.

Q. If that was accomplished wouldn't that take it out of the power of the railroads from here to the lake to make such an arbitrary rate to Buffalo? Wouldn't they be obliged to fix a very high rate from here to the lake if you could get an independent lake line at Duluth? A. In connection with the canal?

Q. Yes. A. I think there is competition enough between the local railroads to arrange anything of that sort.

By Commissioner Smith:

Q. Then you wouldn't be so much in their hands as you rather feared? The competition between them would prevent them from arbitrarily discouraging shipments? A. Provided the proper facilities existed that do not now exist. I think the probability is that some railroad here would take advantage of that.

Q. That having been done, other railroads would have to follow suit? A. Yes, sir.

By Mr. Fairchild:

Q. Will you explain to what extent there is railroad competition from here to the lake? A. The railroad competition?

Q. Yes, how many lines and to what extent is there competition? A. There are lines reaching Milwaukee and Chicago on the south and there are lines reaching from here to Duluth and St. Paul—the Duluth and Great Northern.

Q. How many lines are there? A. Three lines from here to Duluth—four lines. The Northern Pacific runs to Duluth—four lines.

By Commissioner Smith:

Q. And four to the south? A. No, there are five to the south—five or six.

By Mr. Fairchild:

Q. Take the three ports, Chicago, Milwaukee and Duluth, what are the total number of independent competing lines? A. It is either nine or ten.

Q. And the competition between them is keen—there is no combination between them? A. Well, that is a difficult question to answer. Sometimes there is considerable combination between them, and at other times not so much.

Q. It would be very difficult—— A. Very difficult to harness all those interests if there was a competition offering any considerable reduction in the price of freight between Duluth or Chicago and New York.

Q. To what extent do you now ship by way of New York? A. Oh, I am not prepared to answer the question in any definite——

Q. I mean approximately and in proportion—the percentage. A. It is comparatively small.

Q. Have you in the past year shipped to a large extent by way of New York? A. No, most of the shipments have gone through other ports.

By Commissioner Smith:

Q. Which port? A. Newport News and Philadelphia. The rates via New York have on an average been higher than those other outside ports.

Q. For several years? A. Yes, sir.

By Mr. Fairchild:

Q. Have you at any time shipped to any large extent to New York—any time in the past? A. We don't object when we can get equal rates.

By the Chairman:

Q. Do you favor New York when there are equal rates? A. No, except there are better shipping facilities from New York and everything else being equal New York is a better market and at the present condition the rate going by New York would have the preference because there is more ocean shipping there.

By Mr Fairchild:

Q. What I want to get at is whether there has been any change in the conduct of your business as to what port we ship by; have you at any time in the past shipped more largely by New York? A. All of this lies in the reducing of the rate lower than New York. The process has been going on for years. It is because you can get cheaper rates through some other port.

Q. There was a time when you did ship more largely through New York than the other ports? A. There was a time when there were less facilities in the outside ports than New York.

Q. And as those facilities increased you did less shipping by New York? A. Yes, sir.

Q. And this has been going on for how long in your business? A. For eight or ten years, more or less.

By Commissioner Smith:

Q. Do you think that the conditions in New York are removable that have, to a large extent, contributed to the upbuilding of those other ports? A. I am not prepared to say. New York people are better judges of that than the rest of us.

Q. They tell us down there that the people in the Northwest are. A. They can remove the difficulties.

Q. They say rates are made out here. A. The rates are based on fixed charges. The larger the charges in New York the less the shipments.

By the Chairman:

Q. Are there any fixed charges besides the lighterage? A. All that I know of except those arbitrary to New York. The differential to New York is greater.

Q. The differential and lighterage are what work against the port of New York? A. Yes, sir.

Q. So if facilities were created in New York similar to what they are in Newport News, New York would get the preference? A. There would be a large increase in the business. The delays at a port like Newport News is the objection to using that route,

and unless we could get a little cheaper price going by Newport News we wouldn't use it.

By Commissioner Smith:

Q. Does that apply to other ports than Newport News? A. No; principally Newport News.

Q. You would not have such difficulty at Philadelphia, Boston, Baltimore or Montreal? A. No, the rates have been cheaper than to other points.

By the Chairman:

Q. Newport News, in other words, is nothing but a railroad terminal? A. That is all.

By Commissioner Smith:

Q. Even railroad terminal facilities are limited from what you say, because it causes delay? A. No, the shipping facilities from Newport News are limited.

Q. Not definite enough? A. No.

Q. Not enough steamers sailing? A. No. That is the advantage New York would have.

By Mr. Fairchild:

Q. Have you found, as Mr. Gallagher has stated, that the difference in rates is about two and one-half cents? A. Just about.

Q. And would there be about the same difference between Baltimore and New York? A. Yes, sir; about the same.

By Commissioner Smith:

Q. How is it as to Philadelphia? A. Philadelphia is nearer to New York.

Q. How much? A. I am not familiar with the rates to-day.

Q. (to Mr. Gallagher). Can you say, Mr. Gallagher?

Mr. Gallagher—No, I could not. I should say about one and one-quarter cents. That is the difference at present. That doesn't always exist.

Q. Does it generally average that difference?

Mr. Gallagher—No, I don't think it generally averages as much as that. The difference at present is greater than usual.

The Chairman—Mr. Gallagher, it is a question of barter, isn't it, between the shipper and the railroad?

Mr. Gallagher—Between the shipper and the railroad?

Q. Yes.

Mr. Gallagher—Well, it would be hard to put it on those terms. It has been the custom of local agents to put up rates each day on certain ports, and there is not usually a great deal of argument about it. If their rates are not good we try somebody else. The man that gives the lowest rates gets the business. We have no friends in the business at all.

By Mr. Fairchild (continuing with Mr. French):

Q. The railroad men state that the principle of the differential is to equalize rates as between the different Atlantic seaports so that the through rate would be the same irrespective of the port it goes by. To carry out the principle it would be necessary to reduce that differential about half a cent, that is on an average, would it not? A. Reduce it ———

Q. Reduce the differential about half a cent? A. Make it less?

Q. Yes, in order to make it equalize—make the differential less against New York if they wished to equalize the rate. A. New York having greater ocean facilities and more vessels, if the rate was the same Newport News would be out of the business and consequently she would have to put her rate down at a low price or she wouldn't get the business. The facilities and the price are very near the proper ratio at present.

By Commissioner Smith:

Q. To the extent, then, that New York maintains rigidly its extra charge, to just that extent it encourages the increase of accommodations at Newport News? A. Yes, sir.

By Mr. Fairchild:

Q. Do you consider it is the proper ratio of equalization if the effect of the present condition is to make Mr. Gallagher's ship-

ments to New York change from eighty-five per cent. to thirty per cent. in six years? A. The point I meant to make, it would not take but a very slight increase to make it the same as New York. At present Newport News gets the preference because it is a lower rate.

Q. Because it is a little more than equalized? A. It wouldn't take very much though. If New York had the same price, New York would probably get the business up to the time that there would be so much in New York that they would be delayed as much as Newport News is.

By Commissioner Smith:

Q. Do you suffer much from delay at New York? A. Not so much.

By Mr. Fairchild:

Q. Do you suffer at Philadelphia from delay? A. The facilities are not as good there and are not as good anywhere as at New York, and the further you get away from New York, my experience has been, the greater the delay.

Mr. Gallagher—Mr. French was speaking about the service at New York compared with Newport News. He left the impression that the Newport News service was poor. I say that I had good service this year at Newport News and that was on account of the increased facilities.

Mr. Fairchild—Increased number of ships?

Mr. Gallagher—Yes, sir; and I understand they have built three warehouses down there.

Mr. Fairchild—They are constantly increasing their facilities not only as to carrying capacity, but ocean vessels?

Mr. Gallagher—Yes, sir.

The Chairman—They are principally tramp steamers, not regular liners?

Mr. Gallagher—They sometimes have ships of their own. They sometimes charter an outside steamer, though.

By Mr. Fairchild (continuing with Mr. French).

Q. Did you have any relations or negotiations with Mr. Erastus Wiman as to his plan of shipment? A. We made no contract with him.

Q. You had conferences with him? A. We had some conferences, but made no contract.

Q. You had some negotiations with him? A. Yes, sir.

Q. So that your attention was particularly called to the question of terminal facilities? A. Yes; we have some advertising letters and pamphlets that he sent out. I remember reading them at the time.

Q. And as a result of that you came to your conclusion in regard to the terminal facilities and also that his plan was a correct one, providing terminal facilities could be secured? A. That was the impression I got.

By the Chairman:

Q. Provided it could be carried out? A. Yes, sir.

Q. You would favor such an arrangement? A. I would favor it as a shipper. We favor anything that tends to reduce the cost of carrying stuff from the west to the east.

By Commissioner Smith:

Q. Is it your opinion that if Mr. Wiman's line could be established, as he contemplated, with facilities at each end, in a short time the railroads would meet any rate he would make?

A. I think that would be a factor in reducing the railroad rate.

Mr. Gallagher—That was the point I brought up at that time.

Commissioner Smith—It was the factor that persuaded you to keep out of it?

Mr. Gallagher—Yes, sir.

Mr. Fairchild—It seems to me, Mr. Gallagher, if the facilities by way of the canal, including terminal facilities, were so arranged that you could feel assured it was a permanent arrangement, then you wouldn't be deterred from shipping by way of the canal and securing thereby those lower rates by reason of any fear of the railroad?

Mr. Gallagher—No, sir.

JOHN Q. ADAMS.

JOHN Q. ADAMS, being interrogated by Mr. Fairchild, answered question as follows:

Q. Mr. Adams, please give your name? A. John Q. Adams.

Q. Residence? A. Residence, St. Paul; business in Minneapolis.

Q. What is your business, Mr. Adams? A. Grain and grain shipments, elevator business.

Q. You are a grain exporter, are you? A. At times.

Q. And you have been in the business in Minneapolis how long? A. Oh, ten or twelve years.

Q. Through what ports do you export? A. In this section we export out of Montreal or Boston or New York.

Q. Not from any of the South Atlantic ports? A. No. We have, however, from Newport News occasionally, not often, grain that originates here though.

Q. The grain that originates in this section almost entirely goes by way of the lakes? A. Either Duluth or the "Soo" or Gladstone.

Q. As between Montreal and Boston and New York will you state the relative proportion of your shipments by way of each port, and if their relative proportions have changed any in the past years, will you explain to what extent they have changed and in favor of what ports, if any? A. I think they have changed a little in favor of Boston. I can hardly say just what proportion goes by Montreal. It would depend somewhat on the season of the year. In exporting corn in the spring months Montreal is much the best route, because it is the northern route and we feel perfectly sure of the condition. If you send corn down to New York in May and June you don't know what may happen to it by the time it gets there as to condition. I consider Montreal much the safest route.

By Commissioner Smith:

Q. That is a climatic advantage, isn't it? A. Yes; the northern route and is applicable with reference to corn in the

spring and summer months. Montreal is usually from one to two cents a bushel lower than via New York and Boston.

Q. How is it as between New York and Boston? A. New York and Boston are about the same for Liverpool and London and the principal ports. Montreal has an outside advantage in the ocean freights. For North England ports or North Ireland ports, Belfast, Dublin, Glasgow, Leith, Aberdeen, you can usually get much better ocean rates in connection with the rate to Montreal than New York.

Q. There are advantages by way of Boston and New York sufficient to offset that lower rate by way of Montreal? A. During the spring and summer months you can almost always get a rate that shows a little lower through to most ports via Montreal than via New York or Boston, but there is only a limited amount you can ship that way.

Q. Aren't the facilities increasing at Montreal? A. Yes; it is getting to be a better and better port. In the grain export business we have to furnish ocean bills of lading so we don't get any through rates as a general thing. We do not know much about their rates. It is the same rate to Montreal and the ocean contract that is made.

Q. And the same to New York or Boston? A. Yes, sir.

By Mr. Fairchild:

Q. When you say you have been increasing your shipments to Boston, that indicates that you have been able to get a lower rate via Boston than New York? A. That applies from Boston to Liverpool chiefly. There is a very large fleet from Boston to Liverpool.

Q. Line ships or tramps? A. No; line ships. The Leland line and the Warren line——

Q. In shipping grain to Boston do you receive any concessions that you are not able to obtain in New York? A. I don't know of any concessions except at times storage facilities are better in Boston than New York.

By Commissioner Smith:

Q. Cheaper? A. I don't think they are cheaper, but you are not tied up for ten days. You have a lot of grain and miss a certain steamship, and as a general thing they don't charge you extra if it is held over for next one, or a little later.

Q. The free storage is to accommodate the ships? A. Yes, sir. At times they will give free storage for the legal period also, but that I think is done to make sure of the traffic from Buffalo to Boston, principally in the winter time over certain railroads.

By Mr. Fairchild:

Q. And you think that is quite a substantial element in inducing grain to go by Boston that otherwise would go by New York? A. Yes, sir. So far as I know the terminal charges are about the same. The terminal charge at Montreal is much lower—about a quarter of a cent a bushel on grain—transfer charge.

By Commissioner Smith:

Q. Transfer charge? A. Yes, sir.

Q. Only a quarter of a cent a bushel? A. Yes, sir; when it goes in by barges. Put if f. o. b. ocean steamer and it costs you one and a quarter cents in Boston and one and one-eighth cents in New York.

By the Chairman:

Q. And in Canada how much? A. One-quarter cent.

By Commissioner Smith:

Q. We have been told by the New York people that they make an open rebate. A. It depends, I think, on the way in which the freights are charged up. There is a lighterage charge of three-eighths of a cent a bushel that has been rebated at times I know.

Q. That is the transportation by elevator and such things as that? A. Yes, sir.

Q. Is there any rebate in Boston to offset that? A. Not that I know of.

Q. So that the advantage is largely, but not wholly, in storage?

A. Yes, sir.

By Mr. Fairchild:

Q. Has your attention been directed to the improved conditions of the Canadian canals and their likely effect upon shipments by way of Montreal? A. Somewhat and more particularly the advantages of the new route by Parry Sound. There are some very fine steamers on that route delivering grain from Duluth f. o. b. ocean steamer more favorably.

By Commissioner Smith:

Q. Comparatively how much more favorably? A. It depends upon the season of the year.

Q. I did not know but what there was a proportional average all the while—an average of about so much as between Montreal and the American ports. A. I would figure it from a cent to a cent and a half a bushel.

Q. In favor of Montreal? A. In favor of Montreal. Against that is the slightly higher insurance rate?

Q. About what fraction of a cent? A. Oh, I should think it would be a quarter of a cent.

Q. Increase in the insurance? A. Increase in insurance—in a rough way.

By Mr. Fairchild:

Q. In Chicago there were two lake shipping men who appeared before the Commission, each of them representing different companies, not at all connected with each other, and who testified to the effect that they had their arrangements practically completed as a result of the improvement of the Canadian canal which will be open next season to the fullest extent, to put on a line of boats that will go from the lake ports by way of the canals, the Canadian canals, to the European ports; that those boats will carry about 1,900 tons through the canals and then can be further loaded at Montreal so that they will carry across the ocean 3,000 to 3,300 tons. What would you think of the feasibility of such a

scheme? A. It doesn't seem to me feasible or profitable, with the very low transfer charges at Montreal. At one-quarter of a cent a bushel f. o. b. on ocean steamer I should rather ship to Montreal and transfer than to try to do any of that through business.

By Commissioner Smith:

Q. There is some advantage in the transfer, isn't there? A. There may be.

Q. Do you figure that that is an advantage? A. Possibly.

Q. The transferring of it—cooling it? A. There is an advantage in that at times.

By the Chairman:

Q. Would that be an advantage to package freight, such as flour? A. I couldn't say.

Q. You are not in the flour business? A. No.

Q. That is, without breaking bulk, but to go right from Chicago or from Duluth right straight to Liverpool? A. I shouldn't consider it any special advantage to grain. I would rather have it handled once.

By Commissioner Smith:

Q. You cannot speak as to any other commodity? A. No, sir. The Chairman—Mr. Gallagher, how does that strike you.

Mr. Gallagher—It would be no advantage to flour. I would rather see it go right straight through without being disturbed. Flour doesn't need air or anything of the sort.

By Mr. Fairchild:

Q. Having in view the limited tonnage that would go through the canal, would you consider that that was a feasible scheme suggested by those two men? A. Carrying 1,900 tons from here to Montreal and loading the balance there?

By Commissioner Smith:

Q. They would have a steam lighter there and transfer it there and make the transfer without going to a dock? A. No; I don't

think that would be any advantage. It all depends on what their through rate is.

Q. They claim they could make a through rate that would give them the business? A. The transferring would detain the steamer at Montreal or the boat and the loading of the balance of the steamer would take very nearly as long as loading the whole steamer.

Q. They avoid the cost of the terminal by that process. That is considerable. They would bring the imports directly back—imports of a class that pay very high rates, and in exports, too, they would not confine themselves to grain and flour? A. Yes; they could save some expense on that account.

Q. They say they have figured it up sufficiently to assure themselves that there is a very substantial profit? A. Yes?

By Mr. Fairchild:

Q. Mr. Adams, you are familiar with the improvements that have been made on the Canadian canals? A. Yes, sir.

Q. In grain, to what extent in carrying capacity would, in your opinion, the Erie canal have to be improved in order to compete with the Canadian canals, as they now exist in their improved condition? A. Oh, I couldn't answer that very well.

By Commissioner Smith:

Q. You haven't thought enough about it—have not studied it sufficiently? A. I haven't studied it sufficiently. As a matter of fact, we rarely use the canal. We prefer the railroads. We almost always get a rate from Buffalo that is as good as the canal rates.

Q. How long has that been so? A. Two or three years. Almost all the railroads will give a rate that is pretty nearly equivalent to the canal rate.

Q. You make better time? A. We make better time. I have had grain go through from Gladstone to New York in five days, and it would take three weeks by the canal, and when you are shipping corn it is a decided advantage to have it go quickly.

Q. In the matter of grade? A. Yes, sir.

By Mr. Fairchild:

Q. Maintaining the grade? A. Yes, sir.

Q. Prior to three years ago you did use the canal? A. We used the canal more; yes.

By Commissioner Smith:

Q. How has the canal influenced your bills of lading, if at all?

A. It makes no difference to us. We use a bill of lading from Duluth to New York.

Q. The individual ownership of the canal boats is no detriment?

A. No. We have usually had a Buffalo agent, whom we supposed was careful in his selection of the canal contracts.

Q. Do the insurance people discriminate against you in the use of the canal boats? A. No, sir.

B. H. WOODWORTH.

B. H. WOODWORTH, being interrogated by Mr. Fairchild, answered questions as follows:

Q. What is your full name? A. B. H. Woodworth.

Q. Residence in Minneapolis? A. Yes, sir; Minneapolis.

Q. Business grain? A. Yes, sir.

Q. And with what firm are you? A. Well, I am associated with Mr. Peavy. I am president of one of his companies, and generally have more or less knowledge of the business of all of his companies.

Q. His companies are handlers of grain? A. They are handlers and shippers of grain.

Q. How many companies has Mr. Peavy? A. I guess there are ten or a dozen, altogether.

Q. All located here, in this vicinity? A. There are five or six here and two in Duluth, one in Chicago, one in Omaha and one in Kansas City.

Q. And he is an exporter of grain? A. Well, not from Minneapolis, but is an exporter. Most of our export business, however, is done from Chicago. We have a house in Chicago, and the exporting is done usually from that office. They are in a little closer

touch with the seaboard, and we have found it was firing at long range to export grain from here.

Q. From here you sell to the exporter? A. Very largely.

Q. Has your attention—— A. Our interest is very largely in the buying and carrying of the grain more than the export. I am speaking of the northwest and at Duluth.

Q. You arrange for rates for carrying it? A. No; we have our terminal elevators and our business is more filling those houses for the profit of carrying the grain, and when it is marketed we sometimes make sales direct to the New York exporter, c. i. f. Buffalo or sell to local shippers.

Q. From this point your direct exportations are practically nothing? A. Very little.

Q. Your attention, individually, has not been called to the different elements entering into the rates to and from Liverpool? A. No; not as applied to our business here, except as it relates to the business we do at these other points.

Q. You are familiar with that? A. To a certain extent I am not as close to it as I would be, for instance, if we were exporting directly from here.

Q. Are you able to state what per cent. of the grain is exported by New York? A. I know a very small proportion is.

Q. For how long a time has such a condition prevailed? A. I speak more particularly for the last three years. During the last two years we have had the Chicago house open and during that time probably the greater percentage of their grain has moved through ports other than New York.

Q. Has any moved through the gulf ports? A. Very little. There has more gone through Newport News than any other one port.

Q. For the past three years? A. Yes, sir.

Q. To what extent do you export by way of Baltimore? A. Not very much.

Q. Your exportations by way of Baltimore have not increased? A. No.

Q. Is that also true as to Philadelphia? A. Yes, sir.

Q. And as to Boston, is it true? A. Well, Boston has taken a moderate amount—taken, perhaps, a little more than New York, and the business has been divided chiefly between Boston and New York and Newport News.

Q. Boston has been taking an increasing amount and Newport News an increasing amount and New York a decreasing amount? A. Yes, sir.

Q. How about Montreal? A. We have done nothing by way of Montreal, or very little, and when we have done anything it has been through abnormal conditions, which have been temporary.

Q. Are you able to make any suggestions as to the elements which have led to the losses to New York? A. In grain I think it is very much the same as Mr. Gallagher and the others have suggested in regard to flour. It is purely a matter of rate, and at Newport News the railroads have established good facilities and are making a bid for that business. They have gone in evidently determined to get it, and the cargoes taken at the elevators—no expense for lighterage, and I think it is by cutting off some of those terminal charges that they have been able to get it.

Q. Can you state the difference in rate during the past year between Newport News and New York? A. No, I wouldn't be able to give you that information, because I don't know exactly what it is.

Q. Have you considered that the completion of the Canadian improvements on the Canadian canal would lead to greater shipments by way of Montreal? A. I am inclined to think it will, but I haven't gone into it sufficiently to give an opinion as to what extent.

Q. You wouldn't be able to give an opinion as to the extent of improvements which would be required on the Erie canal to offset that improvement? A. No. The railroads the last five years, as we all know, have, by economy in operation and improving their roadbed and using larger cars and heavier engines, found that they can haul grain very much cheaper than they used to think they could. We have seen that by the very much decreased rates we have had, and I know some of the strongest railroad men we have, think that we may expect still further reduction, and it

would seem to me that unless the Erie canal could be brought up to a point where grain could be hauled at an exceedingly low rate, they wouldn't be able to make a rate so low that the canal would be able to compete with them.

Q. You wouldn't be able to suggest what capacity would be required on the Erie canal to secure these conditions? A. No; because that would be the details of an operation that I am not familiar with. In order to establish that business on the canal it would seem to me it would have to be done in a pretty thorough manner, in order to get the rate down to a figure where the railroads would not still cut. Of course their revenue wouldn't be as high as at the present rate, but when it came to taking the business or not taking it they might be willing to take it at a lower rate. At Newport News they have gone to a great deal of expense, and they are not going to see this business diverted if they can haul it at a price that will give them any profit at all, and unless the canal is increased and the capacity doubled to a point where they can make rates so that it will probably take the railroads out of competition, I presume that they will continue to haul it to the other ports. At the same time it would give New York a better chance than she has at present, because they are not adequate at all at the present time.

JAMES QUIRK.

JAMES QUIRK, being interrogated by Mr. Fairchild, answered questions as follows:

Mr. Quirk—I couldn't add anything, I don't think, to what has been already stated here.

By Mr. Fairchild:

Q. Will you give your full name, Mr. Quirk? A. James Quirk.

Q. Residence Minneapolis? A. Yes, sir.

Q. Milling business? A. Yes, sir; our firm is James Quirk Milling Company.

Q. How long have you been in that business? A. Seventeen, going on eighteen, years; about eighteen years.

Q. You are engaged in exporting flour? A. Yes, sir; we export nearly all the year.

By Commissioner Smith:

Q. You have exported by different ports? A. Yes, sir.

Q. By what particular ports? A. Why, through all the ports.

Q. What proportion, for instance, to New York, of your business? A. Well, the last four or five years, very small proportion.

Q. Getting less and less? A. Yes, sir.

Q. What are the principal ports that are gainers by the reduction of shipments via New York? A. Principally Newport News, I think, but I think perhaps Baltimore and Philadelphia, to a slight extent; Newport News, principally.

Q. Is the chief gainer? A. Yes, sir.

Q. And because of the reduction in rates? A. That is it; because we get better rates.

Q. Is there anything you can suggest in the way of abatement of rates in New York, by legislation, which could be secured in the State? A. Well, I don't know as to that. Our rates are through rates, which we get here, you know.

Q. You don't know what elements make up those rates? A. Not exactly.

Q. They are not quoted to you in detail? A. No, sir.

Q. It is just the through rate? A. A through rate from our mill, or from Chicago or Minneapolis to London or Liverpool, or whatever foreign market we export to, and we get those rates from different line company representatives, with guarantees of certain clearances within a certain date, and the most favorable rate we take.

Q. Was Mr. Wiman in conference with you on any of his visits here, or by correspondence? A. That was some three or four years ago?

Q. Yes. A. I think we had some correspondence, but I don't think I met him.

Q. If he could do what he offered to do or suggested he would do, would you be disposed to patronize such a line, if it was established; do you recall the matter well enough to say? A. Well, I think it would depend very largely on whether we could get the western roads to join in with it or not; that is, for in-

stance, in making an export rate where the roads divide these rates. The western roads haul it—say we deliver to a lake line in Milwaukee—the western roads are hauling it to those ports for less than the regular tariff to those ports.

Q. The regular and export rate are quite different? A. And whether the western roads would join with us in still doing that with us, using Mr. Wiman's arrangement, is something I don't know.

Q. You didn't go far enough into it to learn whether that was possible or not? A. No, sir.

Q. Do you find among the railroad men here a disposition to favor other ports—with the appearance of the rate being equal—than New York; that is to say, if their rates would indicate that it was about the same to New York, do they seem to show a preference to other points? A. No, I don't think they do. In the last three or four years the Big Four to Newport News has been a prominent factor in the export carrying, and they have usually been a little below most of the lines, and during the season of lake navigation frequently as low or lower than the lake lines, while they are a through rail line, and, of course, everything else being equal, we prefer a through rail line at the same rate than a lake and rail line.

Q. Have you studied the matter sufficiently to form a judgment as to what effect the establishment of terminal facilities at Buffalo and New York for the handling of flour would have upon attracting your business? A. I haven't given it much study, but I think it would be of beneficial effect, of course, because I think that the way it at present exists they are very much handicapped in handling over the canal.

Q. At present? A. Yes, sir.

Q. Is there any strong objection to the handling that would be necessary; have you a preference for sending it right straight through without handling; is it any injury to the flour to handle it two or three times more? A. Well, I may say to that—yes and no. It is not an injury to the flour if it is properly handled. It is an injury the way it is sometimes handled.

Q. Your disposition would be to avoid additional handling if possible? A. Yes, sir; I recollect some place where I was the last few weeks, and I went down to one of the wharves to see some flour that was there, and it happened to be in cotton sacks, and the men in handling it had put the grappling hooks into it and torn it that way (indicating)—quite a number of sacks that way. The wharf men in loading them are regardless of the package. Of course, that is quite an objection.

Q. As your business at New York has decreased, your business at Newport News has increased? A. Yes, sir; Newport News has increased very much. Newport News has been, and until six or seven years ago was a very small factor in the export trade of flour. Time passes so rapidly, it may be two or three years more than that, but it seems to me not over six years since Newport News became quite a factor, and they have taken more of our products proportionately every year.

Q. It is about that time since the Chesapeake and Ohio established its own line of ships? A. Yes, sir; I think it is.

By Mr. Fairchild:

Q. Prior to that time about what did you export by way of New York? A. I think that prior to that time we exported more via New York than any other port.

Q. Can you estimate it? A. It would be simply a guess.

Q. Yes? A. This present year we have exported very little by Montreal—I don't think we have made more than one contract by Montreal, but a year ago from the first of August—from the first of July to October we exported very largely from Montreal because we got a better rate there, which is all the reason, and we got very good service. They ran through very rapidly, but previous to that we would export a little, but not very much. I think New York got three-fifths of our business prior to Newport News coming in as a very active competitor.

Q. About how much do they get now? A. I think scarcely any of it; very little.

Q. How much did you export in that year? A. Well, we export—we haven't exported this last year as much as **that**—as **much as** the last year, but we export from a quarter to thirty per cent. of our products the year round. We are running now about 1,100 barrels a day.

By Commissioner Smith:

Q. In round numbers, what is the total shipment of exports?
A. From our mills?

Q. Yes, sir. A. The year ending—we make our years end, say, the first of August, with the wheat crop, and the previous year we exported somewhere about 1,200 barrels a week on an average.

Q. The whole year round? A. It would average that. There are certain seasons of the year when we export perhaps half of our product and there are certain seasons when we export none. Business is up and down with the exporters. Just at present we are not exporting perhaps over fifteen or twenty per cent. I know of selling 4,000 sacks within the last three days, and that is perhaps all the wheat sold this week.

Q. I presume it is the more favorable arrangement that the Chesapeake and Ohio are willing to make really than the connection between here and the Chesapeake and Ohio, isn't it, that brings the business to Newport News? A. Yes—not only the favorable arrangements the Chesapeake and Ohio are willing to make now, but when they were first in the market here there were great delays in transit at Newport News. They only had a few ships coming in there and sometimes the goods would lie there a number of months, but now they have very good service from there and so we considered it a very good route.

Q. Satisfactory service? A. Yes, sir.

GEORGE D. ROGERS.

GEORGE D. ROGERS, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. What is your name? A. George D. Rogers.

Q. Where do you reside? A. Minneapolis.

Q. What is your business? A. Secretary of the Minneapolis Chamber of Commerce. Last year—from the last day of July last year to the first day of August this year, we received here 93,000,000 bushels of wheat, a little over. The mills in the same time run somewhere between 62,000,000 and 65,000,000 of it, and it was only a part of the reserve that was shipped from here and but very little of it exported. The shipments are usually made from here to the southeast to other milling points, interior milling points.

By the Chairman:

Q. That is the grain? A. No, the excess of wheat that we get here over the consumption of our mills, and that was some 30,000,000, and that is shipped to the southwest and to other milling points usually.

Q. So it is not exported? A. Not exported to any great extent. Mr. Adams here exports quite a little. Mr. Peavy exports some, not much from here.

By Commissioner Smith:

Q. Have your ore interests any representatives here? A. No. Those shipments are made from Duluth and the managers and proprietors are up there.

By Mr. Fairchild:

Q. Do you know how much grain is received at Duluth and how much is ground there? A. They grind about somewhere from 15,000,000 to 18,000,000 a year in Duluth and Superior. Superior is in Wisconsin, right across the bay.

By Commissioner Smith:

Q. It is quite a port of shipment of wheat, though, isn't it? A. Yes, sir; they received last year about 68,000,000 bushels.

Q. At the two ports? A. At the two ports.

Q. And about 18,000,000 of that was ground and about 50,000,000 shipped A. Yes, sir, and a small portion of that 68,-

000,000 received there was export shipments from here by Mr. Adams and others—went from that port and was counted into their shipments.

By Mr. Fairchild:

Q. I understand you that recently there has been a consolidation of milling interests with the result that the mills which are located at Duluth and Minneapolis belong to the same corporation? A. No, sir. In Duluth that is true; Duluth and Superior, but in Minneapolis there is about one-third or a little less than one-third which belongs to that corporation, the United States Milling corporation.

By the Chairman:

Q. You call it the McIntyre trust? A. The McIntyre trust.

By Mr. Fairchild:

Q. The United States Milling corporation controls various mills in Minneapolis and all the mills in Duluth and Superior? A. Yes, sir.

Q. And it was the United States Milling corporation that was represented by Mr. Gallagher who testified here to-day? A. Yes, sir.

By the Chairman:

Q. Has that trust a larger output than the other mills? A. No, they are not so large in Minneapolis as either of those other two large concerns. There is the Pillsbury-Washburne which has the most capacity, rather more capacity.

Q. More than the so-called trust? A. Yes, sir.

Q. And the Washburne-Crosby comes next? A. Yes, and what you call the trust comes third. Those two concerns that you are waiting to see, they ground last year a little in excess of 10,000,000 barrels.

Recess until 3 p. m.

FRIDAY, *November 24*, 1899; 3 P. M.

L. P. HUBBARD.

L. P. HUBBARD, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Mr. Hubbard, will you give your full name? A. L. P. Hubbard.

Q. Residence Minneapolis? A. Yes, sir.

Q. And your business? A. Treasurer of the Pillsbury-Washburne Flour Mills Company.

Q. That is a corporation that has mills in Minneapolis? A. Mills in Minneapolis.

Q. Are there any at Duluth? A. No, sir.

Q. How long have you been connected with that company? A. Well, ever since this English company took over the property of Charles A. Pillsbury & Co., which is ten years, and then previous to that back to 1874—practically twenty-five years the same company.

Q. Will you state what is the capacity—what is the annual output of this mill? A. Between five and six million barrels of flour.

Q. You export to the foreign ports directly from Minneapolis, do you not? A. Yes, sir.

Q. By way of what American ports do you export? A. All excepting the southern ports. We use them very little, but we use Montreal, Boston, New York, Philadelphia, Baltimore and Newport News.

Q. You mean by the southern ports the Gulf ports? A. I mean Gulf ports, New Orleans.

Q. Of the Atlantic seaports which ones do you use the most? A. Well, I should say, in my mind, Boston and Baltimore and Newport News.

Q. To what extent would you say that you use New York at the present time, just approximately in percentages? A. That is

something I couldn't say. I doubt if New York takes—I doubt if it takes a quarter of our export business.

Q. Has there been any change in that respect now compared with past years? A. I think there is, yes. I think we export less by New York now than we did ten years ago or say six years ago.

Q. How much less? Take six years ago, about what proportion? A. It used to take the bulk. New York and Boston used to take the bulk.

Q. About six years ago? A. I should say six years ago. Of course I am telling you this from memory and my general impression.

Q. That is approximately the proportion? A. Yes, sir.

Q. Now, New York takes only one quarter? A. I don't believe it gets a quarter.

Q. Which one of the Atlantic ports gets the most? A. Well, it would lie in my mind between Boston and Newport News, or you might say the three, Boston, Newport News and Baltimore.

Q. How long have you used to any great extent Newport News? A. Oh, we must have used that I should say ten years at least, very extensively. I should think as long as that.

Q. Newport News? A. I should think so. It may be I am a little mistaken, two or three years or something like that.

Q. Has it been in increasing quantities? A. Increasing quantities.

Q. How about Boston? Has that remained about the same or increasing quantities? A. Boston I don't think has varied a great deal.

Q. So that what New York has lost—— A. It has been gained by the south.

Q. By Newport News? Baltimore has gained on New York? A. Yes, sir.

Q. To what extent do you use Montreal? A. Montreal is used in the summer season only, and of course that depends altogether on the rates, and some years it is more than it is others, but that is not very large.

Q. Has that remained practically the same—no tendency to increase? A. The amount?

Q. Yes. A. Well, as I told you, it is uneven.

Q. I mean the general tendency? A. Some years we ship hardly anything to Montreal, and another year we will ship quite a quantity.

Q. How about Philadelphia? A. Philadelphia is a very good port. We ship a fair amount there, but not as much as Boston and Newport News.

Q. Has that been about the same during these years? A. I should rather guess that Philadelphia had increased a little.

Q. It has increased a little? A. Yes, sir.

Q. Boston has remained about the same? A. Yes, sir.

Q. Philadelphia has increased a little? A. Yes, sir.

Q. Baltimore and Newport News have increased a great deal? A. Yes, sir, and that largely at the expense of New York.

Q. Can you state what the elements have been that have entered into the loss of the trade to New York and its going to Philadelphia and Baltimore and Newport News? A. Yes, sir. Take for instance just at the present time. We can contract by way of Boston to London for twelve shillings and six pence and by New York it would cost us fifteen shillings. They won't touch it for less than fifteen shillings—that is a ton. That makes a difference of about—that two shillings six pence is, I should say, between five and six cents a barrel.

By the Chairman:

Q. You have reference to the ocean freight? A. Yes, sir; that is the ocean freight only. That is on export goods and is considered quite a good profit. Now, another thing, we ordinarily do not have good service in New York. What I mean by that is they may pile up a whole raft of flour there on their dock or warehouses, on the Jersey side and those other places along there, and it may be three months old, some of it. Well, here comes some fresh stuff right in and it is loaded on to lighters and sent off and this old stuff lays there. I have known it to lie there six months, although that is exceptional. Now, you take Newport News.

They run their cars right alongside of the boat and it is loaded right into the boat. Those steamship companies down there are very cautious about over-contracting. They don't contract beyond their capacity to carry right out promptly and of course in that way they never become congested. Everything goes right straight along without any trouble and that is very largely so of Baltimore. Now, take the matter for instance of Amsterdam, Holland. We have a large trade there, but we can not ship anything by New York, not a barrel. I say not a barrel and I mean practically not a barrel because the steamship rates from New York are always higher than from Philadelphia or Baltimore, almost invariably higher.

By Commissioner Smith:

Q. What is the average difference in rates between New York, Philadelphia and Baltimore? A. In price?

Q. In rates of ocean transportation? A. Well, that is a pretty hard question to answer.

Q. You said they were almost invariably higher and I did not know but what you knew about how much higher? A. No; there isn't any specific difference. They vary at times. Sometimes we cannot ship at Boston as cheap as we can at New York, but here to-day we are contracting for London. It is to go to Boston and New York gets the go-by because there is five cents a barrel difference on export trade, and that is a good fair profit. We would like to be guaranteed that amount of profit on all our exports.

Mr. Mr. Fairchild:

Q. You get the through rate to foreign ports from here? A. We get through rates—combination of the inland and ocean rates.

Q. You are given both? A. Well, it is both ways, but we always keep posted on what the ocean rate is.

Q. What is the inland rate from here to Boston to-day? A. Well, the inland rate to-day must be about twenty-eight cents, something like that.

By the Chairman:

Q. A hundred? A. A hundred.

Q. That would be fifty-six cents a barrel? A. Yes, sir; about that.

By Mr. Fairchild:

Q. And what is the inland rate to New York from here to-day?

A. On export?

Q. Yes. A. They are the same.

Q. The only difference between New York and the southern ports on the inland rate is the differential? A. Yes, sir. You have a lighterage which of course doesn't affect the shippers because it is absorbed by the railroad, but there is six cents a barrel which the railroads have to absorb. Now, whether they have anything to contend with in the other ports or not I can't say.

Q. Well, now, at the same rate, twenty-eight cents, from here to Boston and New York, if the flour goes to Boston there is no local rate there that has to be deducted from the through inland rate to the eastern railroad before prorating, is there? A. No.

Q. Whereas, at New York there is? A. There is, but of course that doesn't affect the miller.

Q. No; but I want to ask you this: can you state whether when the western road arranges the rate, and I understand the rates are arranged here in the west for eastbound shipments—— A. Well, I presume they are. Of course that is a detail between the railroads that we don't know anything about.

Q. Can you state whether the western roads in arranging those rates can do anything to influence the freight going by way of Boston where no deduction is made before apportioning instead of going by way of New York, where the deduction is made? A. I don't quite get at the point of the question.

Q. If your flour goes to New York—— A. Yes.

Q. The western railroad does not get its proportion of the through inland rate until there has been a deduction of three cents per hundred pounds for the lighterage which is given to the New York road and they get their proportion only of the balance? A. Yes, sir.

Q. In Boston they get their proportion of the through inland rate without any deduction? A. That is the way I understand it.

Q. Therefore, it would be to the interest of the western railroads to have it go by the routes where there would be no deduction? A. If that is the way of it, it certainly would be.

Q. Can you state whether the western railroads are able in any way to influence the routes over which the flour would go as between Boston and New York? A. No; they do not influence us because we influence that ourselves. We influence that ourselves in our contracts and rates. For instance, if it goes through just the same by way of New York as by way of Boston, exactly the same, we would select our own route regardless of the railroad. We would route it ourselves.

Q. When you ship by way of Boston, then, you are influenced entirely by the lower ocean rate from Boston? A. We are influenced exactly as you would be if you were going to buy some clothing. Tom and Jim have exactly the same suit of clothes in every particular, except that one is five dollars cheaper than the other. You are going to take the cheaper.

Q. As between Boston and New York the difference is in the ocean rate? A. Any place where we can get the lowest rate on freight to destination.

Q. As to Boston, that cheapness is caused by the lower ocean rate? A. Just at the present time, yes, sir.

Q. Do you ever have any advantage in the inland rate to Boston over New York? A. No; I don't recall that we ever have. There might have been years ago, in the old rebate times, there might have been, but not of late years.

Q. As to Baltimore and Newport News, you have a better ocean rate and better inland rate? A. We have a differential.

Q. On account of the differential. A. Yes, sir. Ordinarily the ocean rate absorbs that differential.

Q. To what extent do you ship by lake and rail? A. We ship very largely during about seven or eight months of the year, according to how long the season is open.

Q. And where does that flour go? A. That flour is not only domestic but export.

Q. I am referring now to export? A. Where does it go?

Q. Yes. A. Any port, wherever we can get it cheapest. That is to say there is no port that we cannot reach, lake and rail. There are some ports we cannot reach by some lines.

Q. None of your flour that goes to Newport News goes by lake and rail, does it? A. No; I don't know as it does, down there.

By the Chairman:

Q. That is an all-rail route? A. That is all rail; yes, sir. What I mean to say is we can reach all ocean points by lake and rail, but he called my attention to that.

By Mr. Fairchild:

Q. Do you ship to Baltimore to any extent by lake and rail? A. Yes, we do. That goes to Fairfield.

Q. And Philadelphia it goes to — A. Well, it goes to Erie, or it may go to New York.

Q. It may go to Buffalo? A. Buffalo; yes, sir.

Q. Has your attention been called to the matter of sending flour by way of the canal to New York? A. Yes; that thing has been discussed quite a good deal and in fact the scheme was here at one time but it fell through.

Q. Can you give the reasons why it fell through? A. I think one thing was the canal was never deepened to permit of the use of boats of sufficient capacity.

Q. Did your firm have arrangements with Erastus Wiman relative to the shipment of flour by canal? A. They were in consultation with him—yes, they did have some agreement with him. That was largely, however, carried on by Mr. Pillsbury and I am not familiar with the full details of it.

Q. Is Mr. Pillsbury here? A. He is not living. He died in September.

Q. There is no one else here who would know about that? A. Not the details. I can tell you this much: There was some sort

of arrangement made whereby if he acquired terminals in New York, which he did, and the canal was put in condition so that he could use the boats that he planned to use, we would give him a certain amount of flour for a year in order to test the feasibility of that route. There was an arrangement of some sort of that kind, but the details of it I don't know.

Q. He has testified that an arrangement was carried out to the point of his attempting to get the terminals in New York, and that he was unable to get a terminal at the lower end of Manhattan Island? A. He got one at Fifty-first street.

Q. He got one on Fifty-first street and one on the Harlem river? A. Yes, sir.

Q. Which were all right, so far as domestic flour was concerned, but the important point as to export flour, he explained, was to have the canal docks at the lower end of Manhattan Island, and that it was his inability to secure a terminal there that caused the whole matter to fall through? A. Well, I should hardly think that that would be done, because it would be no more trouble, as I understand it, to lighter it from Fifty-first street than it would from the Jersey shore. Why would it be?

Q. The local men in New York, the flour men, who have come before the Commission, have all testified—who is your agent in New York? A. Mr. Zabriski.

Q. Zabriski was one of them. He testified that it was essential to have a terminal at the lower end of Manhattan Island. A. He would be better posted on that than I am. Wouldn't that refer more to domestic?

Q. He referred to domestic as being the thing that was particularly in his charge, but he also testified that he was familiar with the needs as to export flour, and was able to say as to that. A. Well, now, from my knowledge of New York, and I was born and brought up there, but of course came west a good many years ago; from my knowledge of the trade, I should say that it would be desirable to have a terminal at the lower part of New York for the New York trade, for the domestic trade, but for export I can't see why Fifty-first street would not have been just

as good. It would have been lightered at a lower point on Manhattan Island just the same as Fifty-first street, just exactly, to go into the steamer. Of course, most of the steamers are on the New York side. I think they are. There might be some of them on the other side. It could be lightered just as well from Fifty-first street as from a lower point on Manhattan Island, but then, of course, that is a local condition that I am not familiar with.

Q. Would you say that the question of flour, or any package freight, that the question of having proper terminal facilities to receive and store that freight was of equal importance to the improvement of the canal itself? A. Yes, sir; of course the terminal is a very important part of it.

Q. It would be an essential part of it, would it not? A. Essential part. Without a terminal it would be absolutely useless to send flour by way of the canal.

Q. And would you say that that would be the particular reason why you could not arrange to send flour by the canal? A. Yes, sir. I consider a Fifty-first street terminal all right.

Q. Would it not be necessary, also, to have a Buffalo terminal—Buffalo canal terminal? A. Yes, sir; you would have to have docks there to load on to the canal boats. Now, I don't know what condition that terminal was in—I guess that would be an easier thing to get than a New York terminal. I should imagine it would be.

Q. To what extent is domestic flour shipped to New York by your firm? A. What do you mean?

Q. Flour that is used in the city of New York for local consumption, by your firm? A. We must ship there, well, last year, between 800,000 and 1,000,000 barrels to go to New York city and right in the immediate vicinity, Jersey City, Brooklyn, and all that sort of thing.

Q. Assuming that Fifty-first street terminal could be used for export flour, but that a South street terminal would be necessary for domestic flour, would you say that to have a complete plan, feasible plan for exporting flour by way of the canal, it would be necessary to have terminals that could provide for both the domes-

tic and the export consumption rather than a scheme that would be useful for export alone? A. Well, I should say that if you had a terminal that would accommodate the domestic trade down in the lower part of the island, that of course the export trade, if it was large enough, could be accommodated from the same point, because it is only a few moments to bring the flour in the same boat out of the canal down the river. You have got storage enough there. I can well understand that it would be awkward for domestic consumption.

Q. My question is, would you say that to justify capitalists investing their money in a line that would carry flour by way of the canal, it would be essential for them to accommodate the domestic trade there in New York as well as the export trade, and therefore have a complete and appropriate scheme? A. Well, I should say so, but now of course that is a local matter that Mr. Zabriski could answer better than I could, but I should say from my general knowledge that it would be important to have a lower point on Manhattan Island to take care of domestic flour in order to make a success of the whole scheme, because they would have to include the domestic in the export.

Q. You would consider Mr. Zabriski an authority on that subject, would you not? A. Yes, sir; I should; yes, sir.

Q. As substantial an authority as we could have? A. Well, on local matters, certainly—a man of good judgment.

Q. Suppose such terminals should be provided for the canal, and the canal should be so improved so as to substantially lower the rate by way of the canals to New York compared to the present rate to any of the seaports, would the railroads reaching the lake ports from Minneapolis be able to keep flour from going up the canal by a high local rate from here to the lake ports? A. Prevent it?

Q. Yes. Would they be able to arrange combinations? A. In other words, you ask me if they would be likely to make a higher rate on canal stuff than they would on other stuff?

Q. Would they be likely to make a high local rate? A. They wouldn't be likely to discriminate in that way. They wouldn't be likely to discriminate against the canal.

Q. The railroads from Minneapolis to the lake? A. No, sir, I don't think they would do that. I don't see how they could do that.

Q. If there was any disposition to do that, are the railroad companies so related to each other here that they would be likely to succeed in getting into such a combination? A. That is a pretty hard question to answer. That is a railroad question. You want to talk to railroad men about that.

Q. You know the number of railroads that reach the lake from Minneapolis? A. Yes, sir.

Q. And you know what those railroads are? A. Yes, sir.

Q. And you have a judgment, of course, as to whether they could succeed by a combination among themselves? A. I don't think that there has ever been any iron-clad combination among themselves, but there is no doubt but what there is some sort of an agreement because the rates are usually fairly uniform, but I doubt if there is any combination, ironclad combination, or anything of that sort.

Q. Well, suppose as a result of such canal improvement there will be independent lake lines operating with the canal to the westerly lake ports, would it be feasible for the railroads to arrange so high a rate—so high a local rate between Minneapolis and the lake port as to make it more expensive to pay that local rate and then ship by way of the lake and canal than to pay a rail or lake and rail rate from Minneapolis? A. That is to say—you ask me if it would be possible for a local line to discriminate against an independent steamship line.

Q. In that way? A. Well, I presume they could. I presume they could charge a high local rate from here to Duluth or West Superior, as the case might be, on stuff bound by an independent company.

Q. Wouldn't the very existence of the Duluth mills and the annual output of the Duluth mills tend to prevent such an arrangement being feasible? A. No, I don't think that would cut any figure. I don't think that would have any effect on it. I doubt it very much whether the railroads running out of Minne-

apolis would ever do anything that would injure the millers' trade; I doubt very much. If it was for the benefit of a miller to ship by an independent line and the canal I don't think the railroads would discriminate against that line.

Q. You think that when you get west of Chicago there isn't the same disposition among the railroads as there is east of Chicago to arrange combinations to discriminate against the canal. A. Against the canal?

Q. Yes. A. I doubt if there is, because they are not interested.

By the Chairman:

Q. Mr. Hubbard, the disposition of the railroads here is to favor the millers, isn't it? A. I think it is, yes.

Q. They encourage —— A. They get a large amount of freight which is local, the whole area around, and, of course, it is to their interest to favor them as far as possible.

Q. And they don't pay so much attention to what becomes of that freight after it leaves their power? A. Well, they have that in mind, I suppose, somewhat. I suppose they consider it some.

Q. They would not discriminate against the millers here? A. They are friendly to the millers and I don't think they would do anything to injure the millers of Minneapolis. This is a purely local rate point. The railroads further east haven't so much interest.

By Mr. Fairchild:

Q. What suggestion would you make as to what New York might do to regain the flour trade that it has lost or to secure for itself a route that would bring a lower rate; that is, what we are getting at? A. Well, that is a pretty broad question. Of course if the flour rates from other points by ocean are lower than they are at New York all New York can do would not help. You take the present condition of the rates from Boston and New York, you couldn't do anything. New York couldn't do anything.

Q. Unless they could make a correspondingly low inland rate. A. Well, yes, that would make the same through rate if you could do that.

Q. Well, now, what would you suggest that New York might do to secure to New York a lower inland rate? A. That is, you mean a differential in favor of New York?

Q. I don't mean by that a railroad differential, but I mean to say what could New York do without considering the railroads? A. Well, that is a difficult thing to answer. Sometimes they would not have to do anything. Sometimes New York rates are as low as any other rates and sometimes lower, but just at the present time there is that situation and I think it will average, probably, to guess at it, two-thirds of the time in the year that we can beat New York in other places. New York never could touch Holland. There isn't one shipment in a thousand, I was going to say, that we can ship to Holland by way of New York. The rates are always high. Now that is purely steamship. It is pretty difficult to make a suggestion in that line. It is a matter that I never thought of particularly or studied. We millers, you know, look at this thing a good deal, as I illustrate it, in buying a suit of clothes. We have no interest in Boston, Newport News or any other place excepting as they can carry our goods with the quickest dispatch and the least money and handle them in the best shape.

Q. It was suggested here to-day that the only thing that New York could do and the one thing that she could do would be to adequately improve the Erie canal and give proper terminal facilities so that flour could be handled that way and New York would get the fullest advantage of the increased tonnage on the lakes. What would you say as to that? A. I have no doubt but what it would help. You can use your canal four months in the year, can you? You can practically use the canal while the locks are open—practically about the same thing.

Q. Yes? A. Well, if they would make rates they could carry a large amount. That was the supposition when Mr. Wiman went into it, that his rates would be very attractive.

Q. It has been suggested that your company at the time they were negotiating with Mr. Wiman had no serious intention of shipping flour that way, but that they were only entering into

that arrangement for the purpose of using it as a club in making their arrangements with the railroads? A. I couldn't say that was the idea at all. The idea was to get our flour to the steamer in the cheapest possible way.

Q. And you saw that that was a way to get it there cheaper than you were then getting it there? A. We saw that was an opportunity to ship a large amount. Of course they couldn't take the whole output of the northwest, but they could take a large amount by the canal and in that way get a certain proportion of our output to the steamer cheaper than we could any other way.

Q. You are able to state positively that there was no such incentive or purpose in those negotiations? A. I never heard any such thing discussed that it would be used as a club in any way, shape or manner.

C. J. MARTIN.

C. J. MARTIN, being interrogated by Mr. Fairchild, answered questions as follows:

Q. Your full name is C. J. Martin? A. Yes, sir.

Q. And your residence is Minneapolis? A. Yes, sir.

Q. And you are the manager of the Washburne-Crosby Company? A. I am secretary and treasurer. This matter of transportation and contracting rates does not come under my supervision. I can tell you what I know about it, but I am not very well posted perhaps on the very point you want.

Mr. Hubbard.—I should have qualified myself that way, that I did not pay any attention to the details, but only in a general way.

Mr. Martin—Our president attends to the contracting and transportation matters. He is out of town to-day.

By Mr. Fairchild:

Q. The name of your company is the Washburne-Crosby Company? A. Yes, sir.

Q. Not the Washburne-Crosby Milling Company? A. No, Washburne-Crosby Company.

Q. Can you state what the annual output is of your mills? A. It is about 5,000,000, five and a half million last year.

Q. How much of that do you export? A. Oh, that is a variable quantity. It depends on the crops and the demands. Last year there was about one-third exported.

Q. And by what ports do you export? A. The port that will give us the cheapest rate all things considered.

Q. As a matter of fact by what ports do you export? A. By New York some, New York very little; Philadelphia, Baltimore, Newport News, Montreal, Boston, Portland and very little by Galveston—not Galveston, but Port Arthur.

Q. Is that something new exporting by Port Arthur? A. Yes, sir, it is within the last two years.

Q. Is it increasing? A. Well, I should hardly think so from this section. It is more in favor of the St. Louis millers—millers in that section.

Q. Of the Atlantic seaports which one do you use most? A. Well, without having the figures at hand I should think it was Newport News.

Q. For how long a time has that been so? A. Well, that has been gradually growing for the last three years.

Q. And is still an increasing quantity? A. Up to the present time.

Q. You say that you use New York very little. A. Yes, sir, a small proportion of our shipments have gone that way.

Q. For how long a time has that been so? A. Oh, it has been decreasing I think for several years as these other ports have offered inducements for shipping that way. I don't come prepared with the figures.

Q. I am not asking you the exact figures. A. I mean figures or dates as far as that is concerned.

Q. I only want to get approximately the proportions. There was a time a number of years ago when you shipped largely by New York? A. Yes, New York and Boston and Philadelphia and some to Montreal. I think that was the bulk of our shipments. The direct shipments from here began in a very small way in 1877. There wasn't much done for two or three years afterwards, and I think at that time it most all went by New York. Of course as the trade increased and these other ports in-

creased their facilities why then it began to widen out and New York has been left in the race.

Q. Well, to what extent do you ship by way of Baltimore now?

A. Baltimore is not nearly as large as Philadelphia, Boston or Newport News with us.

Q. Is it increasing or has it increased in Baltimore? A. In proportion to the others, do you mean?

Q. No, has it increased any? While New York has been losing Baltimore has increased, but not as much as the others. A. That would be my impression.

Q. Then as a matter of fact Newport News, Baltimore, Philadelphia and Boston in your business have increased in the past three years, all of them at the expense of New York? A. Well, I don't know as I would confine it to three years, but in a period of years. They have been gradually increasing, while New York has been decreasing.

Q. Say six years? A. Yes, sir.

Q. And Newport News has gained the most of New York's loss? A. That would be my impression, yes, sir.

Q. And which port would come next would you say? A. I haven't any idea which is next.

By Commissioner Smith:

Q. How is Boston? A. We ship a good deal to Boston.

Q. Increasing? A. Of course that depends. For instance, some years we will export very little. The conditions will be so that we cannot do much export business except at a loss and then these other ports might decrease. As I understand you what you want to get at——

By Mr. Fairchild:

Q. The general trade? A. The general increase in proportion.

Q. Yes. A. Yes, I think Boston is one of the ports that has increased, increased their facilities, and the lines that run there make it more advantageous for us to ship that way.

Q. Philadelphia you say has increased some, more than Baltimore? A. That would be my impression.

Q. How about Montreal, has that been increasing? A. Montreal has very good facilities at times, but the line of steamers running from Montreal are not such as we like to ship by. The facilities are good enough. They employ more tramp steamers with which our particular experience has been very disastrous. The insurance companies discriminate against Montreal for that reason.

Q. Do you find that the insurance on lake and rail business is higher than on all rail to an extent that it is a very substantial element in inducing you to ship all rail? A. No; the difference in the rate—the difference in the freight rate is sufficient to overcome—of course, we have to pay lake insurance added to the ocean insurance, but the difference in the freight rate is sufficient to overcome that and make it advantageous to ship by lake.

By Commissioner Smith:

Q. But it is more by lake and rail than by all rail, is it? A. The insurance?

Q. Yes. A. Yes, sir. It is just the amount of the lake insurance more.

By Mr. Fairchild:

Q. That is about half a cent? A. About fifteen cents per hundred.

By Commissioner Smith:

Q. Fifteen cents per hundred dollars? A. Yes, sir. It has been as low as ten, twelve and one-half, fifteen, eighteen; up as high as twenty-five.

By the Chairman:

Q. So that every advantage is for the all rail shipment to Newport News; you there save the differentials and also the terminal charges in New York? A. Yes, sir; but in answering a question of that kind you have to take into account the factors that enter into export shipments. It is the line, the amount of boats they use, ships they use, the insurance that is charged as well as

the rate. All those factors enter into it. Some of our customers might ask us to ship by a particular line and their offer would be based on that. Then we would have to ship by that line no matter whether we wanted to or not. Again, a good deal of the time it is a very close business. Then, of course, we have to look to the line that will give us the cheapest rate, other things being equal. Then we have to take into account the particular line that they will contract by, the vessels that they use, whether they are fit to carry flour or not, and the insurance and the preference of the buyer. All those factors enter into export shipments and they may be all combined by one line that goes to Newport News, or Montreal, or Boston, or Philadelphia, or New York, any of them, so perhaps, it wouldn't be the rate alone would control which way the shipments would go.

Q. New York steamers, as a rule, have a lower rating? A. Yes, sir.

Q. They being more fitted up for package freight than the others? A. Yes, sir.

Q. Those tramp steamers are more for whole cargoes? A. Yes, sir. In reference to the export of flour we, of course, try to avoid tramp steamers and all steamers that would carry anything that would be apt to taint the flour.

Q. So that the ocean liners, regular liners, would be preferable for your trade? A. We try to ship everything by the regular lines wherever it is possible, even if we have to pay a little higher rate.

Q. You engage these berth rates, I suppose? A. How is that?

Q. You get berth rates, that is special rates in these steamers? A. I do not know just how that is managed. Of course, all these lines—pretty much all the lines that carry flour, are represented by special agents here in town. They come in every day and offer us their rates. If we have anything to ship it is a matter of contract with them, and I don't know, of course, just what enters into the rates with them that they make up—what conditions enter into it. It would depend upon the freight that is wanted by the line—upon the time that the shipment is to go forward and all the little intermediate matters that properly belong to the rail-

way. We don't know anything about that. It is simply the dollars and cents that we look to.

Q. Mr. Martin, in the ordinary run of business the differential amounts to considerable on a barrel of flour? A. Yes, sir.

Q. So that you would be compelled to ship to other ports rather than to New York—to other different ports? A. Yes, sir; unless New York would make the same rate; of course.

Q. In the ordinary run of business, when there is no favoritism whatever, one port over another, then enters into consideration the differential and the lighterage? A. Yes, sir.

Q. So that you are compelled to ship by another port to avoid that charge? A. It is the difference in the rate that enters into it, so far as we are concerned. We don't know whether it is lighterage or somebody's commission, or what. It is just simply a matter of dollars and cents. If they can take the flour at so much we can afford to export it, and if not we will have to pass the order, and if a man comes in with a rate that we can accept, we accept that rate.

Q. Suppose the rates are all alike in all ports, I mean the ocean rates, then the question comes before you which port is the cheapest port to get it on the vessel? A. We don't know anything about how the rate is changed.

Q. There is a discrimination against New York, Newport News gets three cents and New York two? A. That does not enter into our calculations at all. We say: What is the through rate from Minneapolis, to London, or Liverpool?

Q. I am considering that. Say the rates are alike in all ports to London. Then comes the question of getting your flour from Minneapolis to the port. Which port would you give the preference? A. That question doesn't come to us. We have nothing to do with the intermediate ports so far as the rate is concerned. The rate is made for us from Minneapolis through.

Q. Through to London? A. Through to the destination of whatever port it is.

Q. The ocean rate is included? A. We do not know what enters into the composition of the rate.

By Mr. Fairchild:

Q. Mr. Martin, the agent that comes to you to give you the rate, is he not the agent of the western railroad that takes the freight at the initiatory point? A. I think he is called the contracting agent. That is his title, and he is in close communication with the steamship agent and he has the authority for making a through rate.

Q. But he, individually, is the agent of the Western road, is he not? A. He may be, or he may be the agent of some of the trunk lines.

By the Chairman:

Q. Steamship line or ocean line? A. He may be both. He may have authority to make the rate clear through.

Q. The Hamburg line make an arrangement through the railroad lines here and take freight via Hamburg? A. Occasionally some of these steamship agents located in Chicago will telegraph us their rates, but ordinarily we can get it from the local agents here.

Q. Then these agents direct which road to ship on to reach their vessel? A. They offer us via certain lines.

Q. You have a choice of lines? A. We have a choice.

Q. There can be only one port? A. There is usually one or more agents for each port.

Q. You say you ship a great deal via Newport News; I visited Newport News and looked over their facilities pretty thoroughly, stayed there several days, and if you are afraid of tramp steamers I am surprised that you ship a barrel by that route. A. Well, we have an agreement with the company that they shall ship the flour in one of their regular line steamers, or if they can't do so they shall notify us and we can make other arrangements. We don't take the tramp steamers unless it is in very rare instances.

Q. That is a port that has more tramp steamers than any other port? A. We are aware of that.

Q. They come in there and take entire freight? A. At the same time the Atlantic Transport is very good service.

By Commissioner Smith:

Q. Does the Atlantic Transport sail out of Newport News?

A. Yes, sir.

Q. Isn't it Baltimore? A. Yes; I think it is Baltimore also.

By the Chairman:

Q. How often do they go, do you know? A. No, I don't know

By Commissioner Smith:

Q. They have about as fine ships for cargo carrying as there are on the Atlantic, do they not? A. Some of them have the best.

By Mr. Fairchild:

Q. Mr. Martin, you stated a little while ago that your export business varies; that sometimes you would have very little export business. You mean that results from competition with other countries? A. Yes, sir.

Q. In the world's markets? A. In case of large harvests in the Argentine Republic and Australia and India we wouldn't be apt to export as much as we would if the crops are short.

Q. Well, now to the extent that the rivalry between Atlantic ports, the increase in facilities and decrease of the rates—to the extent that any effort that New York might make to get back its lost commerce should result in lower rates, to that extent New York and the other seaports would not only be helping themselves, respectively, but they would also be helping your commerce in competition with foreign countries. A. Certainly.

By the Chairman:

Q. Mr. Martin, there was quite an agitation in New York upon the question whether it would be beneficial to this country to grind up all the grain here and barrel it up. How much labor would this country obtain by grinding the grain here, making flour of it, and sending the flour abroad instead of the grain? A. Well, the labor is about eight cents a barrel on the entire product.

Q. Eight cents a barrel. How much wheat per barrel? A. About four and one-half bushels counting all grades.

Q. This is a question outside. I merely ask it as a personal one—why not send the flour? A. There shouldn't be very much argument on that.

Q. I would like to know what enters into it and how much this country would gain? A. As a question it seems to me it doesn't need any argument. It would not only employ the labor, keep that here, but we have the offals, bran, shorts and screenings and everything of that kind.

Q. Do you use it for feeding? A. That is very valuable for feeding. There are thousands and thousands of sheep being fed here in town from the screens. They are brought here from the west because of the facilities for feeding.

Q. Do you know the working classes there agitate that question very strongly in New York—that there should be an export duty on wheat; they go as far as that. A. In speaking of that question one great difficulty with us just now is the fact that the railways discriminate so largely in favor of wheat.

Q. That is what brought up the question. A. There is a difference of about six cents a hundred which we would consider a very handsome profit indeed if we could get it.

By Mr. Fairchild:

Q. In this effort to secure lower rates to the seaboard has your attention been directed to shipping flour by the canal? A. Oh, yes. Of course I have kept posted in what is going on in the last two years. I am a native of New York—used to live along the canal.

Q. Can you give us any information on this subject as to what has been done looking towards shipments by the canal? A. The only effort that I know anything about is that of Mr. Wiman.

Q. Did your company have anything to do with that? A. The same as the others.

Q. You were prepared to ship by the canal? A. Yes, sir; there was a conditional agreement. If he could carry out his proposition and do what he said he could, the mills were ready I think to give him quite a large amount of freight.

Q. Do you know the extent to which his plans were carried?

A. I never heard that anything was done of any account.

Q. He has stated and it has been stated by the New York agents of the western mills that it was his inability to secure terminals at New York that resulted in the failure of the plan. Did you ever know that? A. I never knew how far he had gone with his project.

Q. Has your attention ever been directed to the fact that at the present time there are no facilities for handling flour either at Buffalo or New York going by the canal? A. I did not suppose there were any.

Q. It would be essential, would it not, to have such terminal facilities both at Buffalo and at New York? A. Very essential.

Q. It would be impossible to ship flour by the canal without such terminal facilities would it not? A. I don't see how it could be done except at a loss.

Q. Irrespective of price you would have to have some place to land the flour? A. It takes a large amount of space to handle flour successfully and you have got to have a large amount of space and plenty of room to do it in order to do it satisfactorily.

Q. Who, acquainted with local conditions in New York, if you know of anyone, could be safely relied upon to advise us as to the extent of storage facilities that would be required in case it should be decided to carry out the plans for proper terminal facilities? A. I don't know that I could give you the names, but I should think any of those older flour men that have been in the business a long time would be the ones to give you the information.

Q. Do you know Mr. George A. Zabriskie? A. I know of him. I don't know him personally.

Q. Would you say he was such a man? A. I should think he would be a very good man indeed.

Q. Has your company an agent there? A. We have an agent, but he has been there only a couple of years, and he wouldn't be as familiar with those matters as some of the older men. Perry would be a good man and Rice—do you know him—Rice, of Rice-Quimby Company—E. T. Rice, I think it is.

Commissioner Smith—He is the treasurer of the Produce Exchange?

Mr. Martin—Randall Perry.

By Mr. Fairchild:

Q. Would you say that provided the canal was adequately improved and adequate terminal facilities at Buffalo and New York provided for the receipt of package freight, there would be large quantities of flour brought to New York by the canal? A. That would be my impression.

Q. And would you say that there is nothing in the railroad situation from Minneapolis to the lakes that would likely result in any local rate being made by the railroads so high between Minneapolis and the lakes compared to their through rate to New York as to offset the lower rates that would be secured by lake and canal transportation? A. No; I shouldn't anticipate any such. I don't think any combination of that kind could be made to overcome the difference.

By Commissioner Smith:

Q. You don't think it would be attempted, do you—such a combination out here? A. It might be attempted, but I don't think it would ever be successful.

By Mr. Fairchild:

Q. Can you suggest any other possible plan within the reach of New York other than such improvements of the canal that would regain to New York the flour traffic it has lost? A. Why it seems to me that the tendency at all ports is to provide the greatest facilities for handling at small costs. Now New York is peculiar, of course. Unless they can provide a way by which the shipments can be transferred easily without lighterage and all that sort of thing I don't see how they are ever going to regain it. For instance grain run down to New York ought to be able to be run right there to the terminal elevator and right on to the ship. I don't see why flour—why facilities should not be provided for the storage of flour so that it can

be delivered at this storage point and loaded on the other side into the ship. Of course I do not know anything about the cost of those things and whether it would be a practical financial scheme or not.

Q. Of course if a feasible route can be arranged by way of the canal, so far as flour is concerned, that would obviate the objection about the railroad terminals and the question of lighterage because there the flour would go down right on the boats. Is that not so? A. Well, it would come down to a certain point. I suppose it would have to be unloaded. It might come down to the upper part of the island if the freight steamers could have their docks located in that direction and the two could join there.

Q. In connection with the canal the terminals could be arranged on the lower part of the island—— A. The boats would have to be towed down the river, I suppose.

Q. The canal boats? A. If the canal was enlarged and they had their own motive power they could come down the river to any point.

By the Chairman:

Q. Now, Mr. Martin, would you furnish this Commission with, say a statement, of the approximate saving to this country if the wheat that is now exported were turned into flour, as an economical question? You are an expert on that and we would like to have those figures. A. I never have seen any compilation of that character.

Q. You have not? A. That is nothing that I can lay my hand on.

Q. Just the saving in labor that would be necessary? A. That is easy to get at.

Q. And then the saving of the material—the value of the material besides?

Commissioner Smith—The surplus.

The Chairman—This would be very interesting and we may embody that in our report as one of the most interesting questions of the day—the economical question of this country. We want to furnish the world with the flour rather than the wheat.

Mr. Rogers—The exports of wheat, not counting flour, for the ten months ending with October, were between ninety-two and ninety-three million bushels. Last year there were a little more than 112,000,000 for the same time. If the wheat had been converted into flour at eight cents a barrel, which is paid for labor, it would be an easy arithmetical question.

Mr. Martin—He wants the value of the screenings, and so on.

Mr. Rogers—Including the screenings and all of the offal, probably about thirty per cent.—about seventy per cent. is flour, about seventy per cent. is wheat.

The Chairman—What would be the value of that?

Mr. Rogers—About ten dollars a ton, something near that, take the average.

Mr. Martin—Yes; for the last two or three years that would be a fair average for the bran and shorts.

Mr. Rogers—Including the screenings?

Mr. Martin—No; I think that would be rather high.

Mr. Rogers—Screenings have been selling all the way from six to ten dollars.

Mr. Hubbard—This is rather an informal talk here. Now, one of the great objections to New York is that lighterage. I have been crossing the ferry in New York and have seen them lighter-ing flour. Under certain conditions of wind and tide, I have seen the water go nearly over the whole length of that boat. It would run down on to the sides of the sacks of flour and I watched that boat as far as I could. I say it was flour—as near as I could figure out, it was flour and that water must have gone all over there—well, I could see it four or five times. That is bad for flour. Flour is a very delicate substance. It requires careful handling, careful storage. It won't do to get it wet, because, of course, wet stains the sacks, wets the flour and while it does not puncture the flour very far, still it will cake the outer edge of it. In Newport News they run their cars up and load them right on to the steamer. New York has got the most savage and barbarous way of handling flour of any port.

Mr. Martin—We cannot use a car, that is to put flour in, that has brought oranges up here. We very frequently get caught

with cars that carry paraffine or kerosene, or something of that kind.

The Chairman—These old storehouses get musty.

Mr. Fairchild—Wouldn't it pay you then, if that is the case, supposing the proper terminals facilities were furnished in New York and an adequate canal completed from Buffalo to the Hudson river, to have your own boats made specially to carry your flour and have it taken by way of New York?

Mr. Martin—We don't find any trouble between here and the seaports. It is the ocean boats that we are troubled with. The lake boats do not carry flour, that is, the lake boats that carry anything that is objectionable very seldom take flour.

Mr. Fairchild—My suggestion was based upon your statement about the difficulties you had with the cars and all rail route.

Mr. Martin—If we had unlimited capital that would be the ideal way, to have our own cars or boats on the lake.

Mr. Fairchild—It would be comparatively expensive to have your cars and inexpensive to have your boats on the lake and canal.

Mr. Hubbard—Quite the other way. We can own our own cars cheaper than our own boats.

Mr. Fairchild—If you own your own cars you have to pay for the use of the roadbed.

Mr. Hubbard—Armour and a lot of other people get mileage on the cars out of the railroad that hauls them. In other words the railroad pays for the use of the cars.

Mr. Fairchild—The representative of Armour gave it as his opinion that if the canal was improved they would take their grain right down the canal to New York city. If in connection with the canal they built their own elevator there would be provided by New York proper terminal facilities so that you not only have a free highway, but you have the freight terminals in Buffalo at a normal rate and the freight terminal in New York. It would pay you to have boats built especially adapted to carry nothing but your flour.

Mr. Martin—Wasn't there a scheme broached at one time of making very extensive terminals at Staten Island?

Commissioner Smith—Yes; Mr. Wiman had that matter pretty fully under way, but did not seem to get the capital to back him up—quite an ideal situation he was going to develop there.

Mr. Martin—That seems to me to be the ideal place for shipping.

Commissioner Smith—He was going to take all the railroads that come to Jersey City and bring them right down there to his terminal, where he would receive, store and ship it.

Mr. Martin—That is the ideal way if it can ever be accomplished.

Mr. Fairchild—There is one thing that I would like to ask you if you are willing to give it to us. You have given us here approximately to-day your shipments by way of the different ports in percentages. I would like very much, if you would be willing to do it, to have the Commission furnished with a statement showing your exports each year for six or eight years last past by way of the different ports, so that we can have such a table, showing exactly the extent each of those ports has lost and gained.

Commissioner Smith—Suppose you took the entire output of Minneapolis. Maybe Mr. Rogers could give us that in a more complete way.

Mr. Fairchild—Mr. Rogers, you wouldn't be able to know by what ports?

Mr. Martin—I don't know whether I could go back so far as that.

The Chairman—Say a few years—as far back as you can go.

Mr. Martin—I would be very glad to go as far as we can.

Mr. Hubbard—For each port?

Mr. Fairchild—Yes.

Mr. Hubbard—We don't keep a record that way.

Mr. Martin—We don't keep any record of it, but I think I could pick it out.

Mr. Hubbard—We keep certain statistical information. We can tell what our exports were for a year but not the route.

Mr. Fairchild—I want to say it would be valuable to the Commission if you could do it without too much trouble. If you will do it I will give you my address and ask you to mail it to me.

Session of the subcommittee of the Commerce Commission of the State of New York, held at the Board of Trade, Duluth, Minnesota on Monday, November 27, 1899, at 11 a. m.

Present: The members of the subcommittee.

A. D. THOMSON.

A. D. THOMSON, being interrogated by Mr. Fairchild, answered questions as follows:

Mr. Thomson—Well, gentlemen, it is simply a question of rates, the lowest rate for export——

By Mr. Fairchild:

Q. Excuse me for interrupting you. I would like to get your name before you start in—your full name. A. A. D. Thomson.

Q. Residence, Duluth? A. Yes, sir.

Q. You are an exporter of grain? A. Yes, sir.

Q. How long have you been in the business here? A. Oh, a good many years, ten or fifteen.

Q. Now if you will proceed and give us your experience with regard to exporting grain by way of the different seaports and what suggestions you have on the subject. A. Well, the lowest rate takes the goods. If New York is lower than any other rate or the rate via New York is lower than any other rate it takes it. If Boston is lower, then they get it. If Montreal is lower they take it. If Baltimore is lower they take it. It is a question of rates altogether, nothing else.

Q. To what extent do you ship at the present time by way of New York—what proportion of your shipments? A. Very small proportion.

Q. By way of New York? A. Yes, sir.

Q. For how many years has that been the condition? A. Gradually decreasing for the last ten years.

Q. What proportion did you ship by way of New York ten years ago? A. I should say half.

Q. Prior to that had there been a larger proportion than half? A. I wouldn't care to go back farther than ten years ago.

Q. Inside of ten years it has been reduced from one-half of your total shipment to practically nothing at all? A. Well, practically less than a quarter.

Q. Less than a quarter? A. Yes, sir.

Q. Now which of the ports have principally gained? A. Boston and Montreal.

Q. Has there been any time during that period of ten years when other Atlantic seaports gained the most other than Boston and Montreal, prior to the gain of Boston and Montreal? A. As far as my business is concerned, it has always been confined to those three ports, New York, Boston and Montreal, so that I wouldn't be an authority on the southern ports, Philadelphia or Baltimore.

By the Chairman:

Q. Very little goes from here to the southern ports? A. We don't send much south.

Q. Your connections are principally lake connections, are they not? A. Well, no, lake and rail—how do you mean lake?

Q. Lake connections? A. Well, the shipments are made mostly by lake from here.

Q. You don't have many all rail? A. There is very little all rail business done from Duluth.

By Mr. Fairchild:

Q. As between Montreal and Boston, which of the two ports has gained most of what New York has lost in your shipments? A. I am not prepared to state that without looking into it, but my judgment would be that both ports had gained very much in the same proportion. Well, I think Boston has gained a little more than Montreal has.

Q. Has your attention been directed to the elements that enter into the lesser rate at those other ports? A. It seems to be a question largely of terminal charges.

Q. That is the terminal charges at New York have been greater than at Boston and Montreal? A. Yes, sir, it seems to be. The advantages that the other ports have, Montreal and Boston, that

is, the advantage that an exporter finds that he gains by exporting through those two points, consists mostly in the saving of the terminal charges.

Q. When you ship by way of Boston what proportion of your grain goes to Buffalo that goes to Boston? A. It all goes to Buffalo and to Boston from Buffalo.

Q. None of it goes by the Parry Sound route? A. Not very much.

Q. So that as between Boston and New York the Buffalo charges would be the same? A. Yes, sir.

Q. Have you found that the charges at Buffalo have had anything to do with directing your grain shipments by way of Montreal? A. No, I haven't found that to enter into it very materially. Sometimes Montreal will be a very low rate—give a very low rate and then at other times Buffalo will give a low rate. The low rate, however, I find usually quoted from Buffalo going via Boston and not via New York.

Q. Well, then, when you refer to the terminal charges you refer exclusively to the port of New York and not at all to Buffalo, when you compare Buffalo with Boston and Montreal? A. We can get a rate of freight quoted from Buffalo that includes Buffalo charges and includes Boston charges.

Q. Can you not do that from New York? A. Yes, but usually, I should say three times anyway out of five, the Boston rate would be the cheapest.

By Commissioner Smith:

Q. Do they give you the details of the various charges—are you familiar with them? A. I would not care to give the details because I should consider that wouldn't be well for me to give, as giving other peoples' business away.

Q. Of course a great deal of information has been given to our Commission already by people in New York city. For instance, one of the statements is that the attraction at the port of Boston particularly is the free storage, almost unlimited period of free storage, and this is stated by people who ship that way. Now,

if that is one of the inducements or chief attractions to you I think you might be free to say so because it would be corroborated by what other people have said. A. I would not care to go into details in connection with free storage or rates.

By Mr. Fairchild:

Q. Any further than your statement, that in your opinion at least the saving as between New York and Boston is at the seaboard end? A. It would look to me that way.

Q. The terminal charges or facilities? A. It would look to me so.

Q. Has your attention been directed to the Parry Sound route and what effect that has upon shipments by way of Montreal?

A. We ship more or less by the Parry Sound route to Montreal.

Q. For the past two seasons that has been an important element, has it not, in taking grain away from New York? A. Yes, sir.

Q. How about the new Canadian canals; what effect do you contemplate that will have upon shipments by way of Montreal?

A. It ought to increase them. It ought to increase the shipments by way of Montreal. The deepening of the canal and channel to Montreal ought to result in increasing the business between here and Montreal in grain for export.

Q. There has been suggested to the members of the Commission by some prominent men in the west that those facilities, including the Parry Sound route and including the new Canadian canal, would do away with Buffalo altogether as a grain market? A. I don't believe that. Of course Buffalo is not a large grain market, you know. It is a small grain market. It is a junction point rather than a market.

Q. As a junction point? A. I don't think so. I don't believe you people in New York and Buffalo are going to sit down and see this grain business taken away from you. This is a very good proof that you are not going to do it.

Q. Now that you have referred to what has been done and what is being done in Montreal and Canada and other ports in

cheapening rates, what can New York do to offset those advantages that have been thus obtained for the other ports? A. Well, I do not know in regard to the Erie canal. Of course the Erie canal is a problem and it is one that I am not fitted to judge on as to whether that can be enlarged and how much it can be enlarged and how much per cent. the rates of freight by the Erie canal can be reduced. Those are matters that I am not familiar with. If New York or the railroads had practically free elevation and free storage and a very small charge for loading grain on vessels from elevators and boats, at least on to ocean steamers from boats and from elevators that might be built there, that would take away, I think, the chief argument to-day as far as New York is concerned.

By Commissioner Smith:

Q. Against New York? A. Yes, sir.

Q. What would you consider a fair charge for the elevation of grain? A. Well, I think if New York got into a position where it could receive grain from the west and put it on board an ocean steamer and give a reasonable amount of free storage, that is a reasonable term of free storage, and do all that for a quarter of a cent a bushel, I think her trade would come back again.

By Mr. Fairchild:

Q. In grain? A. Yes, sir; that is to a very large extent.

Q. Do you know the capacity—? A. Your charge now, you know, is one and a quarter cents.

Q. Well, no —. A. It is about one and a quarter.

Q. There is an open rebate on that, so that it has now been reduced to three-quarters of a cent. A. Yes, sir. Well, you have got to get it down another half, for Montreal can do it for one-quarter.

Q. Montreal does do it for one-quarter, does it not?

By Commissioner Smith:

Q. They claim in Boston it is one and one-quarter cents. A. In Boston, as you say, they have storage facilities that are not severe.

By Mr. Fairchild:

Q. They have in Montreal the floating elevator system? A. Yes, sir, the same as New York.

Q. And the charge for that service in Montreal is one-quarter of a cent? A. It is about one-quarter.

Q. Do you know the capacity of the new Canadian canals? A. No, I do not.

Q. Are you prepared to suggest how large a capacity should be attained for canal boats on the Erie canal? A. No, I am not prepared on that. Of course the larger the better—the larger the boat the cheaper you can transport grain from Buffalo to New York. The more water you have the larger boat you can have.

By Commissioner Smith:

Q. Would you go to the extent of a ship canal in that statement? A. What is that?

Q. Would you think that lake vessels could use a ship canal if one existed? A. I don't know. I would not be prepared on that.

By Mr. Fairchild:

Q. With the exception of present abnormal conditions the construction of very much larger vessels on the lakes has resulted in the reduced rate of transportation on grain on the lakes. A. Yes, it has affected it more or less.

Q. Would you state that it would be well for New York to so improve the Erie canal as to secure to New York the fullest practical advantage of that increased tonnage and lower rates on the lakes? A. Yes, sir; I should think so.

Q. Would you be able to give the Commission in percentages, if you would rather do it that way than to give the exact shipments, the exact figures for the period to which you have referred, showing exactly the change from New York to the other points? A. No, I wouldn't care to do that. I have given you about the proportion. It would come very close to the lines I have drawn as far as my shipments are concerned.

Q. I don't mean the exact shipments, but the percentages. A. Well, I have given you that about as close as the other would work out and I have given that to you very close.

The Chairman—Mr. Thomson, in your judgment, if New York city would provide the proper terminals and do away with the charges it would regain the grain trade of the west? A. Yes; do away with the charges, making them—that is to the extent that the other ports have done—making them about the same. For instance, if you have about the same charges and advantages in New York as in Montreal and Boston, you will undoubtedly get a considerably larger proportion of the shipments than you have now. I don't believe in doing away with it altogether, and you couldn't do that; but you might be able to bring it down to about even with the other ports.

Q. You believe then that if everything was equal that New York would receive the preference? A. No, I don't think it would be a case of preference. It would receive a proportion. Montreal is there and there to stay. Boston is there and it is there to stay. New York is there and it is there to stay. They will all in the future get and obtain as much business as they can, and it will be a question of New York getting its proportion and the other ports getting their proportion, that is all they can each of them do and they will get all they can. You cannot shut up Boston and you cannot shut up Montreal. You can simply improve your facilities down there to enable you to get a larger proportion of the business than you are getting now. What you do will be partially offset by these other points. They will in return seek to reduce their's somewhat.

Q. But New York, you see, has other great advantages that the other ports have not, frequency of shipments and financial facilities? A. Financial facilities don't count much. Western people that ship—the money is west now to do that business with. We do not go east to get that money now. The west has it.

Q. Still you draw through New York, don't you? A. No; we make a direct exchange from here and of course that would pass through New York, and it would do that if we were doing the

business from New York direct ourselves just the same. The advantage of New York as far as financial matters are concerned has largely disappeared in the last few years owing to the west having money itself.

Q. The money from here is going east instead of eastern money coming west. A change has taken place. That we understand in New York. There are other advantages we enjoy, the frequency of shipments and the larger amount of steamers coming in there? A. I don't think you have anything in that connection. There are practically daily steamers from Montreal and there are practically daily steamers from Boston.

Q. Are they regular lines or tramp steamers? A. Daily lines.

Q. Regular daily shipments from Montreal? A. Practically daily. I should think there would be certainly one or two boats to Liverpool daily from Montreal and one or two out of Boston. I don't know, I should think so—practically daily anyway, and I think Boston has larger vessels than you have in New York. I think vessels drawing more water can come into Boston than can come into New York. Isn't that so?

Q. We haven't heard that? A. I have heard it claimed that it is so.

Q. The largest vessels come into the harbor of New York? A. There are larger vessels loading grain at Boston. The Leland boats are among the largest boats that come across this way and they run to Boston.

By Commissioner Smith:

Q. There are ships that carry a great deal more that go out of New York than Boston, but probably in the grain trade you are correct.

By Mr. Fairchild:

Q. Have you had experience in having your grain delayed at Buffalo during seasons in the year by reason of inadequate facilities for the rush period? A. Only usual delays which occur sometimes in the fall of the year owing to a large movement of

grain and clogged condition of the railways and elevators, that is all; nothing unusual.

Q. You have never shipped grain by any other port in order to escape delays? A. No.

WARD AMES.

WARD AMES, being interrogated by Mr. Fairchild, answered questions as follows:

Mr. Ames.—I will give you part of the information you gentlemen want from me; but, as I suggested to Mr. Fairchild, I think the percentages that you ask for, if you want them close for official use, then I had better give them to you from the books.

By Mr. Fairchild.—The closer they are the more valuable they are for official use.

Q. What is your full name? A. Ward Ames.

Q. Residence Duluth? A. Duluth.

Q. And your business? A. Ames-Brooks Company.

Q. What is your business? A. Well, it is grain entirely, grain commission.

Q. And you are an exporter of grain? A. Yes, sir.

Q. How long have you been engaged in exporting grain? A. About three years, I should think.

Q. Prior to that time you sold grain? A. Sold it——

Q. To exporters? A. We did not export any up to that time.

Q. During the period that you sold grain to exporters but did not export yourself would your attention be called to the direction the grain would take? A. Yes, sir.

Q. For that period could you tell to what extent the grain——
A. You mean prior to going into it ourselves?

Q. Yes. A. I would say nine-tenths of it went to New York.

Q. At the present time you sell to exporters and export yourselves? A. Yes, sir.

Q. What proportion, taking the total of exports, exported by yourself or by those to whom you sell it, now goes by way of New York? A. I think fifty per cent. of it. You mean both what we sell and export?

Q. Yes; taking it altogether.

By Commissioner Smith:

Q. Fifty per cent. goes by New York? A. I should say so. If you want that closer than that I will have to confer with the bookkeeper.

Q. What proportion of that is export—of the fifty per cent. that goes to New York? A. What proportion of ours?

Q. Yes. A. I should think two-thirds of our own.

By Mr. Fairchild:

Q. Well, now, without giving the percentages—you will be able from your books to give the percentages? A. Yes, sir; I am perfectly willing to give you as near as I can the percentage of the business that has gone to the different ports.

Q. For these different years? A. For these different years.

Q. You can now state that those figures will show a loss to New York and a gain to other ports? A. Yes, sir.

Q. Can you now state what ports have chiefly gained? A. Well, Montreal principally. We have been doing some business via Boston.

Q. Have you done any business via the Southern Atlantic ports? A. No, sir. By the Southern Atlantic ports do you mean Philadelphia and Baltimore?

Q. Yes? A. We do make occasional shipments, but hardly enough to cut any figure.

By Commissioner Smith:

Q. Newport News? A. Newport News, I don't recall ever shipping anything from there.

By the Chairman:

Q. Are they all rail shipments? A. No, by lake and rail.

By Mr. Fairchild:

Q. I suppose that this territory tributary to Duluth is beyond the range of gulf influence? A. Yes, sir.

Q. Entirely? A. Entirely.

Q. And to an extent it is beyond the range of the all rail shipments through the Southern Atlantic ports? A. Yes, sir.

Q. All the grain that goes out of Duluth, with possible exceptional instances, goes by way of the lakes? A. Goes by water. I recall only one rail shipment we have made since we have been here.

Q. Well, now, can you suggest the elements that have brought about the changed condition in favor of Montreal and of Boston against New York? A. I can only think of competition. I suppose originally it did it all. Now competition has forced combinations and to-day the conditions are such that we can ship sometimes to better advantage from other seaports than New York and of course wherever we can do the best there we go.

By the Chairman:

Q. On account of ocean freights? A. Both on account of ocean freights, lake freights and I suppose that since this canal is completed—I suppose it is completed now—why there will be just that extra competition in the spring.

Q. To Montreal? A. To Montreal. Then so far as corn shipments are concerned I am inclined to think that Montreal is a favorite route anyway. Everything being equal we would ship by way of Montreal.

Q. By reason of climatic conditions? A. Yes, sir.

Q. Keep it cool? A. Keep it cool, pretty nearly an even temperature clear through to Montreal.

By Commissioner Smith:

Q. The same advantage would exist if the Erie canal was used, wouldn't it? A. No, because then you would strike a warmer climate. You would strike a higher degree of temperature on the Erie canal than you do in Montreal. That is particularly so with corn. I only mention that as an item.

Q. You think the difference would be enough to affect the corn? A. Yes, sir.

By the Chairman:

Q. You have reference to the summer months? A. Yes, sir.

Q. To what extent do you ship corn by way of New York? A. I should think nine-tenths of the corn shipped goes by way of Montreal.

Q. And that corn shipment enters into the total shipment you have given? A. Yes, sir; although this year we haven't shipped any corn at all.

Q. Does it go by way of Montreal? A. Part of it goes by way of Prescott and part by Parry Sound.

Q. Is the Parry Sound route growing? A. Growing all the while.

S. An attractive route, is it? A. Very.

By Mr. Fairchild:

Q. Attractive, because of rates? A. Because of rates; yes, sir.

By Commissioner Smith:

Q. You lose the advantage of water transportation? A. Well, now, there is where competition comes in. The railroads of New York State have reached a point where they have practically driven the present canal business out of the field. They cannot compete with the railroads on the two and three-fourths or three cent rate from Buffalo to New York. I don't think they can.

By the Chairman:

Q. You mean the condition of the Erie canal now? A. The Erie canal now, which shows that the Erie canal is hardly a factor in the business under present conditions.

Q. If the canal were deepened and widened? A. Well, yes; anyway you can cheapen transportation from Buffalo to New York will be in favor of New York city.

By Mr. Fairchild:

Q. In other words you would consider that either New York has got to be alive to this new element of competition and be prepared to meet it or go out of business? A. Yes sir; just as sure as the handwriting on the wall.

By Commissioner Smith:

Q. Have you formed any definite idea of the improvement that should be made in the Erie canal? A. Well, I was talking to Mr. Fairchild a moment ago. He asked my opinion about that and it seems to me that you will have to have a channel from Buffalo to New York that will float a 25,000-bushel boat, steamer, either from Lake Ontario or Lake Erie.

Q. You think that would do it? A. If you have a 25,000-bushel boat you can start a tow that will carry 100,000 bushels. Those steamers can carry 100,000 bushels of wheat as easily as the steamers going from here. You could float that from Buffalo to New York cheaper than you could ship 25,000 bushels a few years ago.

Q. You think it would be necessary to have floats that would carry 100,000 bushels? A. That is just my suggestion, anything that will float a big boat. I don't believe it would be policy for big boats to go down the canal and across the water.

Q. No matter what kind of ship canal you have? A. No matter what kind of ship canal you have, I don't believe it will be practicable to have a lake boat go across the ocean.

By the Chairman:

Q. They have got to break bulk somewhere? A. Yes, sir.

By Commissioner Smith:

Q. Why is that? A. I don't think the ocean boats are built for lake travel and I don't think our lakes boats are adapted for ocean travel.

Q. New boats could be built, couldn't they? A. I presume if you had a thirty-five-foot passage from here to the seaboard they might.

Q. In Chicago two people came before our Commission and stated they were forming plans and raising capital and had pretty well advanced towards organizing two companies to run between lake ports and Liverpool——

Mr. Fairchild.—By the Canadian canals as at present constructed.

A. What is the depth of the old canal—only fourteen feet. I don't believe it is possible for any lake boat to go across the ocean on fourteen feet of water.

Q. They propose to load them a good deal deeper after they get to Montreal. They will take down to Montreal 1,900 tons and load about 1,200 or 1,300 more tons there. That will give them about 3,000 tons across the Atlantic. The average ordinary tramp does not carry much more than that—three or four thousand tons. A. Well, that is an element that wiser heads in New York will have to settle. In my opinion it wouldn't be practicable. That is only my opinion.

Q. Do you think that 25,000 bushel barges on the Erie canal would just about make New York all right? A. I have had that opinion all right that some time or other when the Erie canal was a ship canal and built either from Lake Ontario or Lake Erie, that that would be about the extent of the capacity of the new canal. I thought if you could get 100,000 bushels to go down you could take that freight down in competition with the railroad and make money at it.

By Mr. Fairchild:

Q. Your idea is then even if a ship canal were constructed that it would be used as a barge canal? A. Yes, sir, and not for transportation from Liverpool here.

By Commissioner Smith:

Q. Have you felt the burden of port charges in New York particularly in your business? A. I don't know that we have felt that particularly. We figure from the time the boat leaves here until the grain is put into the steamer. Whatever those charges are, if they are less by Montreal, Montreal will get the business. Just how those charges are made up I couldn't tell.

Q. You never went into the details? A. Never went into details. We get a rate by way of Montreal and Boston and we do not know how they arrange those charges.

Q. They don't say "including free storage" ? A. Yes, they do sometimes. For instance we will get a proposition from Boston that they will take the grain from Buffalo to Liverpool at a certain rate or Buffalo to any other foreign port and the charges from Buffalo to Liverpool would be included.

Q. All charges? A. All charges. They will name the approximate time that we are to ship the wheat from here. We don't know how long they will keep the grain in storage. We don't care. If they absorb all the charges, if they have been in Boston or Buffalo three weeks it makes no difference to us.

Q. You make such rates from New York too? A. Once in a while we can, but we make them much oftener from Boston. I don't know as we have made any rate from Parry Sound to Liverpool. I guess we have to make it from Buffalo to Montreal and arrange the ocean charge there.

By the Chairman:

Q. It is your opinion that it is an absolute necessity for the State of New York to widen and deepen the Erie canal in order to regain or hold its own in the trade now? A. Yes, sir.

Q. The grain trade? A. Yes, sir; I believe that is an absolute necessity. I think they have got railroad rates down now about as low as they can be made and pay; that is they were during the summer and yet they are building large freight cars now. They are putting cars on that will hold 100,000 pounds as against 30,000 pounds some years ago. They are increasing their capacity and I presume if they increase the capacity they can decrease the charges.

Q. I suppose the railroads will never bring it down to the point of the lake rates, that is that they could ship as cheap by rail from here to the seaboard as by the lakes? A. No, I haven't any idea that they ever will.

Q. So that after all if the State of New York would spend \$20,000,000 on the Erie canal it wouldn't be wasted? A. I don't regard it as a waste, no sir. I think it would be something that is almost imperative.

Q. In order to regain its trade? A. Yes, sir.

Q. Have you been led to ship grain by way of Montreal at any time because of your grain shipments being delayed at Buffalo? A. Well, I don't know as the delay in Buffalo has been sufficient to warrant our turning grain away from there—the fact that it enters into our shipments. If we have delays there and we could get a quicker shipment at Montreal we would send it there. We have had serious delays in Buffalo.

By Commissioner Smith:

Q. But you never had much delay at Montreal? A. No, sir.

Q. Or Boston? A. Or Boston.

By Mr. Fairchild:

Q. You are referring to the congestion at Buffalo. That occurs only at certain seasons of the year, doesn't it? A. Yes, sir; it occurs pretty regular now every fall.

By Commissioner Smith:

Q. Is that unduly so this year? A. Well, not unduly so, but it is perhaps the same as it was a year ago—possibly the same as it was two years ago, but we are suffering now from the delay of cars in Buffalo that have been held there. We have got two small parcels in Buffalo that have been there thirty days—

Q. Lack of elevators there? A. Lack of rail facilities to get it out.

By Mr. Fairchild:

Q. The accommodations in Buffalo are of the most perfect kind, aren't they, the ship goes right to the elevator? A. Yes, sir.

Q. And the cars go to the elevator? A. Yes, it is a question of capacity of the railroads to take care of the business. I made that remark to you a little while ago, a question whether Buffalo had not reached the capacity of her business.

Q. Have you ever had any such experience as to grain reaching New York and being delayed there by lack of terminal facili-

ties on the part of the road? A. No; I think the trouble is all at Buffalo.

By Commissioner Smith:

Q. The Erie canal has not reached its capacity because the carriage on the Erie canal isn't more than a quarter of what it has been? A. Now that is true, but it is just a question of how cheap the canal can haul a boatload of wheat down per bushel.

By Mr. Fairchild:

Q. That congested period which you have referred to, do you not save it to some extent by sending grain down the canal? A. We haven't shipped any grain by canal this year. If we could have gotten some boats this fall and been assured that they would have reached New York in time for steamer, we would have tried it—we would have shipped some wheat held up in Buffalo, but our ocean engagements were such that we did not dare take chances. We knew that the canal boat would not reach the steamer.

Q. You can secure free elevation for your grain that goes by the canal? A. That all enters into the cost of it. We make a comparison of the two, taking the cheapest one. So far the railroad shipments have been cheaper than the canal.

By Commissioner Smith:

Q. Hasn't it been more a matter of time than actual cheapness? A. In this particular instance it was just a question of time, but during the summer time it doesn't cut any figure. We could get our shipments from here and give them all the time they wanted.

By Mr. Fairchild:

Q. Will you state for the record just what extent of territory as to grain is contributory to Duluth? A. In the Northwest?

Q. Yes, what territory—of course you will say the Northwest, but I would like to have you describe for the record just the territory tributary to Duluth. A. All of Minnesota and North Dakota, part of South Dakota, part of Nebraska, part of Iowa.

By Commissioner Smith:

Q. And a considerable portion of Manitoba Valley? A. Well, yes; that ought to be included. You might say the whole of it is tributary here.

Q. The whole of the Canadian—— A. Tributary here. It is coming here more and more every year.

Q. What are the railroad facilities from here to the Manitoba grain fields? A. Well, I think they are ample to take care of most any business that comes. The railroads in the Northwest here, what we call the Northwest, are keeping pace with the development of the country. Once in a while there is a scarcity of cars, but it is only once in a while.

Q. By what channel does the Manitoba grain seek outlet to the ocean? A. Well, it comes here and to Port Arthur and Fort William.

Q. Is the business of those two places, Fort William and Port Arthur growing? A. I presume it is. Captain MacDougall might answer that question better than I do.

Captain MacDougall—I think the increase here is greater than the increase to Port Arthur in proportion to the movement of the shipments.

Q. What proportion of the Manitoba grain goes to Port Arthur? A. That I couldn't answer.

Q. Could you answer that Captain MacDougall?

Captain MacDougall—No, I could not correctly. I should say forty and sixty probably. It may be different this year.

Q. Then the proportion has been greater to Port Arthur and is decreasing there and increasing here—that is a tendency is it?

A. I should think so, but they are building a new railroad there now that will offset it. I think the next crop will have two railroads at Port Arthur as against the one at the present time.

Q. To what extent does Port Arthur grain, if you can state, go to Buffalo?

Mr. Ames—No, I could not. Port Arthur is a Canadian port, and Midland and Parry Sound would take the majority if they could work it through that way naturally.

Q. Captain, to what extent does Port Arthur grain go to Buffalo?

Captain MacDougall—I should say thirty or forty per cent.

CAPTAIN ALEX. MACDOUGALL.

CAPTAIN ALEX. MACDOUGALL, being interrogated by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. What is your name? A. Alexander MacDougall.

Q. Residence Duluth? A. Yes, sir.

Q. And what is your business, Captain? A. Well, shipper.

Q. How long have you resided in Duluth? A. Since the beginning of the port, thirty years ago.

Q. Are you the inventor of the vessel known as the Whaleback? A. Yes, sir.

Q. You have had considerable and constant experience during that period in shipping on the lakes and shipping from this section of the country? A. Yes, sir.

Q. Will you state in your own way what the course of grain export has been from this section as between New York and other Atlantic ports? A. In the beginning of the port and the first ten years, it was considered all went in that direction with very few exceptions that went by way of Montreal. Since about 1885 or 1886, my attention has been more called to the outlet by Baltimore, and more to the Canadian ports, Montreal, and in the last few years more particularly Boston has been called to my attention, New York evidently losing as the other ports were gaining. Recently I have learned directly that Boston has larger shipments to Liverpool than New York in grain only, and looking into the matter some, I can see some causes for the same—that with their lower port charges as against the little difference in haul from the lake country, although the railroads that haul to both New York and Boston are somewhat under the same control, it must be the port charges that influence more than the rail haul. The Montreal outlet has been stimulated by the build-

ing of a line of road called the Canada-Atlantic, which came in as an active and strong competitor for trade and forced lower rates to Montreal and on to Boston. That has influenced the New York route. Those are the causes that occur to my mind without knowing positively and only looking at it in a casual way.

By the Chairman:

Q. Have you any suggestions to make that will remedy it? A. That the Erie canal should be improved in some manner to meet the low rate offered by the railroad; that the State of New York or someone else, make terminals in Buffalo to accommodate that waterway, to have a minimum of cost as at other ports for that transfer, and if necessary short delay in storage, enlarging the canal in some manner and assuming control of the transfer at the New York end, reducing that to about cost or a very little above, either by owning the elevators on land or a floating system of storage, at either the Buffalo or New York end, or both. Floating storehouses, because of the less cost than elevators on the expensive lands at either of those ports.

Q. You mean barges? A. Yes, sir.

By Mr. Fairchild:

Q. To what extent in carrying capacity would you suggest the Erie canal should be improved to meet the new element of competition? A. I think this great country, and particularly the West, will never be satisfied with less than a great ship canal. Should this be modified and a remedy for the immediate future offered to the people mostly interested, that the cry would be still the same. Improvements in rails and the manner in which they would meet the canal competition in the end of time would bring about that cry again, but such a canal would require many years agitating and many more years to complete and possibly the better way to reach it all would be improvement of the present system, but I think a barge canal that would take vessels of the class described by Mr. Simons, the engineer that made

the investigation, might haul a bushel of grain to New York as cheaply as a large ship canal and particularly so if the cost of the canal was included in the result.

Q. Will you explain why that would be so in your opinion—a smaller boat? A. A large canal would invite—a canal large enough to accommodate the modern laker of to-day, which is a very expensive vessel at first cost and its movements through the canal are slow and the depreciation and interest and insurance on such a vessel would be proportionately greater than that on a vessel of about 1,500 tons. The control of that vessel in the contracted narrow channel of the numerous locks would be more manageable, as for instance, a five or six thousand ton vessel sheering to the right or to the left, hardly modern lines are sufficient to check her course, while the vessel of the 1,500 ton class is quite manageable with appliances that we know of at the present time, snubbing posts and lines and everything that gives way with the handling of large craft, as we have experienced in their canals of the larger size, that the Canadian vessel of the class of a fourteen foot draft and 260 feet long—that it is difficult to manage a vessel even as large as that, in and through the locks and narrow channels where they are frequently passing each other, as must necessarily occur in 350 miles of narrow navigation between the Hudson and Lake Erie. The operation of the Erie canal in the present and the past, fully demonstrates the fact, that it is not the large vessel alone that can carry cheaply through a minimum of water, when they have reduced that cost now that it is not possible to carry with a large vessel, the length of time that the cargo is in that small ship. A canal boat between Buffalo and New York and return is twenty to thirty days on the round trip. On a basis of twenty to thirty days of a voyage thirteen cents a bushel on a large ship for that length of time, it couldn't pay.

By Commissioner Smith:

Q. What would that same vessel earn in the same time on the lake, Captain, about, approximately? A. In the lake country if a

tow she would make two and one-half round voyages in that time.

Q. Two and a half? A. Yes, sir. A steamer would make three or three and one-half.

Q. And she would receive about half as much as that? A. Look at the very large tow that would make two round trips in thirty days, at one and one-half cents would be equivalent to the canal at three, so that it is not the largeness of the ship in that slow progress. If your progress was fast, long continued-voyage, like crossing the Atlantic or in our thousand-mile run on the lakes, the large vessel has the advantage, but in a contracted channel, with so many losses and disadvantages as the canal offers —

By Mr. Fairchild:

Q. Having regard to such suggestions, what would you say as to the capacity of from 900 to 1,000 tons going through the Erie canal? A. Well, such a vessel, of course, would be an advantage over a smaller one.

By Commissioner Smith:

Q. Don't you think that such vessels could be operated about as profitably and cheaply and economically as a 1,500-ton vessel—a 1,000-ton vessel? A. The main advantage of a vessel being larger for that particular canal would be that you could take advantage of the direct lake haul without the Buffalo transfer. Otherwise I think a vessel of smaller size would be nearly equally as profitable.

By the Chairman:

Q. If bulk had to be broken at Buffalo or other ports the small one would do as well? A. The small one would do nearly as well.

Q. Your idea is to deliver without breaking bulk from this port to New York? A. Yes, I think all minds would agree to that when it is possible.

Q. Most all minds west of Buffalo? A. Well, they would there if they would be honest about it.

By Commissioner Smith:

Q. Suppose the railroads should come to a point at Buffalo where they would transfer rail grain, free? A. Then the expense is borne by someone where indirectly it will find its way against the product that is being moved.

Q. Just so, but the transfer charge being—for instance the railroad owns its elevators, and being a part of its equipment, a reduction in the cost of railroad transportation might enable the railroads owning the elevators to find out to their advantage that the elevator charge should be wiped out and absorb it in their through rate, what kind of a condition would that leave the canal in? A. The canal having the same advantage——

Q. Why would the canal get the same advantage if the transfer was made free on to the cars but not on to the canal boats? That would drive the business out of the canal probably. A. As suggested by me at first, if the canal had its own transfer system at Buffalo, and without that the railroads will always pound the canal, with or without it either one, but if the State absorbs all the expense of operating the canal and the terminal facilities suggested would only be a part of the complete system.

Q. Do you think that it could not be claimed that it would be outside of the province of the State to provide terminals, having provided the canal? A. I think it is as much their duty to provide the terminals as it is to operate the canal. The city of New York and the towns along the canal get some benefit from the haul. A larger volume is certainly more beneficial than a smaller.

By Mr. Fairchild:

Q. You think they should do nothing or both? A. Yes, sir.

Q. You wouldn't build a railroad unless you were going to build railroad terminals? A. No.

Q. And you think that ought to apply equally to the canal?

A. Yes, sir.

By the Chairman:

Q. Captain, can you give us some idea of the extent of the iron ore trade here, shipments to Buffalo or to the east? A. From this particular section?

Q. Yes, sir. You are acquainted with that, are you? A. Yes, sir, some.

Q. We would like to get that. A. The shipments began in 1884, I think, from this section. We must include in the port of Duluth, Superior and two harbors, and which is all in the iron district directly north of us here, which has three systems of shipment. It began in 1884, 1885, I have forgotten which, and gradually has increased to in the neighborhood of 5,000,000 tons this year, with a promise that it will reach 7,000,000 tons next year and with a great promise of increase at the ratio of at least twenty-five per cent. per year during the healthy condition of the iron market.

By Commissioner Smith:

Q. How much iron ore is there back of here, in your judgment?

A. It is very hard to tell. When I first saw the opening of the mines my impression was that we had so much iron that it would have no more value than our red clay. I was mistaken in that. I should have owned some mines if I had known the value that it has reached now. I should judge that there is of the different varieties of iron, from the high grade Bessemer down to the lowest ore that we are at present using, at least 1,000,000,000 tons in sight.

By Mr. Fairchild:

Q. What proportion would you say is Bessemer? A. I wouldn't be good authority on that. Probably two hundred or three hundred million tons of the Bessemer ore such as is used—it doesn't go quite under the name of Bessemer ore, but used for that purpose.

By Commissioner Smith:

Q. You wouldn't say that it had all been located as yet in this country? A. No, sir, I think it has not. A trip over the iron country would imply that it is but little explored.

Q. Even over the thousand million tons? A. Yes, sir. A German engineer who has gone extensively over the range, sent here by the German government quite recently, and was put in my care for a few days, and afterwards discussing the matter, when we were informed of the ores they are using in German, I am inclined to think we have got more than the figures I mentioned.

Q. What area in square miles, for instance, is now being operated? A. Well, it doesn't cover many square miles. It doesn't take many square miles to make even a thousand million tons of iron.

Q. What area, in any way you care to express it? A. I should think the mines that have been operated—that have been fully explored, holes drilled or opened up so as to show the body of the iron—I should judge that there must be ten square miles of iron.

Q. Already? A. Already.

Q. Not developed? A. Developed, that is opened up with holes so as to make a certainty of the iron.

Q. How far away is that district from this city? A. It is about sixty miles northwest. By railroad seventy miles in one direction and about a hundred in another direction.

Q. Is it all of this granulated character? A. No; there are great quantities of hard ore.

Q. We have been informed that this granulated ore while of a high grade cannot be used without being mixed with hard ore—a good deal of it is lost in the chimneys? A. I think that report was circulated by the hard ore mining people more. At first it was thought that it wouldn't do that and I think they began with twenty-five per cent. Messaba ore or mixed with some of the other ores north of us here. The finer ores have been increasing in the quantity used until I think it is a common thing to use from fifty to seventy per cent. of it.

By Mr. Fairchild:

Q. Will you describe the Messaba iron ores and the manner of mining? A. The iron deposit is on the water shed between the Arctic ocean and the St. Lawrence and the Mississippi on an elevation of about 900 to 1,000 feet above Lake Superior which is 600 feet above the ocean which would also place it about 1,600 feet above the Arctic ocean or Hudson bay. It is not a rock formation, in fact very little out-cropping of rock in the formations where the greater bodies of ore are found. The soft ore is found in great beds or bogs which covered with the earth of modern times does not show that any rock or ore existed. After these deposits are opened up and excavation goes on it develops into the foot wall and hanging wall rock formation known in mining generally and particularly in iron. In the hard ore district there is a little out-cropping of rock and in that out-cropping the hard iron has shown up in many places, but having only an elevation as at first described. We get to the eastward again between here and the boundary line into Canada and there is more of a barrenness to the rocky formation. The fires have burned the alluvial soil off more and there are great exposures of iron at present not looked upon as merchantable. Those lie in great quantities exposed in smaller veins, but containing tartanum and some other objectional chemical features in steel-making of the present time. There isn't much attention paid to those lands lately. Among them some people think are deposits of a better quality of iron.

Q. When you use the expressions "soft ore" and "hard ore," will you describe just what the ore is, what you mean by soft ore as distinguished from hard ore? A. The soft ore in its appearance to one not up in geology would indicate that at some day it was in a rocky formation as it came from its gaseous state, from the bowels of the earth to the surface and that time has disintegrated or crumbled it to have the appearance of black gravel on the surface and as we enter into the formation it will show stratification, but in a very shattered grandular condition which on the touch disintegrates some, but with the modern mechanical

appliances for excavation crumbles and becomes a gravel formation making it the most easy material to handle.

Q. To what extent, if any, do such iron ore mines exist anywhere else? A. There are rocks of the same kind of formation in the upper part of Michigan, that we know of, soft ores, also in the Gogebic district in Wisconsin and Michigan on the boundary line, in large blocks, some of those mines having already produced millions of tons of soft ore and I believe in other countries it has been found in beds of soft ore.

Q. Of equal quality? A. I couldn't say as to that in foreign countries. The soft ores in the lower part of Lake Superior, south shore of the lake, are equally as good and in some respects better than our ores here.

By Commissioner Smith:

Q. Is there much of a formation in Canada that has been uncovered? A. There is known to be quite a formation in different places, but up to the present I think they are all of the hard ore variety.

Q. Close to the lake? A. Close to the lake.

By Mr. Fairchild:

Q. With the exception of these regions that you have described in Wisconsin and Minnesota and Michigan are all the well known iron ore mines of the world the hard iron ore? A. I think not all, but I think the majority of all mines in Spain and Northern Sweden and Germany and France and England are hard ores.

By Commissioner Smith:

Q. Cuba? A. Cuba is hard ore, I understand, nearly altogether.

By Mr. Fairchild:

Q. So far as extensive quantities are concerned of such soft ore it is confined so far as you know to these regions you have described? A. I don't quite get that question.

Q. So far as extensive quantities of the soft ore is concerned it is confined to that region that you have described? A. I think there is a larger field here than all others put together that are known.

Q. Well, now will you describe the manner of mining it and the difference in cost between mining the soft ores and the hard ores? A. The hard ores are mined by blasting and the quarrying system as is well known and following the vein into the interior while in some open mines of the soft ore variety the process of handling it is by steam shovel. In some of the larger mines here the ordinary gravel or steam shovel lift and load it directly on to the cars where it is a common thing to see the steam shovel loading cars of twenty-five to thirty tons in two minutes to a car, the average train, from the time twenty cars have started until twenty cars have finished—not a miner in sight at work.

By the Chairman:

Q. Captain, what value, in your opinion, has this iron ore to the State of New York and its ports? A. That would depend much upon its interest in manufacturing at and near the port of New York.

Q. Just now there are large works in and around Buffalo. Much of that ore that you speak of goes to Buffalo, does it? A. We are people so accustomed to raw material that we have not educated ourselves to the fact of what artisans in manipulating this material may reach to in the future. Metal may be taken from the ore and produced into pig iron and billets of steel or rods of wire that may go east to there be produced into finer articles of commerce that will find its outlet to all parts of the world and the State of New York should bear a great part of that with its capital and great labor market, in the movement of this product; whether in its raw condition or semi-manufactured condition it should offer a very great future to New York.

Q. What you lack here is coal beds? A. At present, yes sir.

Q. Or else you could produce the pig iron right on the ground and ship that instead of the ore? A. Yes, sir.

Q. The item of coal is too large an expense? A. Yes, sir.

Q. So that you are compelled to ship the iron ore to near where the coal beds are? A. Yes, sir; that is the condition at present.

Q. So that New York State is as much benefited as any other section? A. I should think so.

Q. Or ought to be if it takes the matter into consideration and provides proper facilities? A. A ton of iron taken from the ground and converted into pig iron has the value of twelve dollars a ton, but that ton of pig iron converted into watch springs or anything like that—the conditions of manipulating it belong to your State or city.

Q. You cannot convert the ore into iron here on account of coal? A. We are doing it to-day.

Q. You are doing that? A. There is a furnace started within the last sixty days that is making iron very fast now, and I understand they are making it with a hundred per cent. of the soft ores of Messaba.

Q. So that in the near future you can ship the iron instead of the ore from here? A. That is expected of us, that we will do that.

Q. Do you have any coal mines in this section? A. None developed—little known of the geology of the country. It was prophesied by our State geologists that we did not have iron where this existed twenty years ago.

W. S. MOORE.

W. S. MOORE, being interrogated by Mr. Fairchild, answered questions as follows:

Q. Mr. Moore, we would like to get some information from you on this question of shipments. What is your full name? A. W. S. Moore.

Q. Residence, Duluth? A. Yes, sir.

Q. And your business? A. Grain shipping.

Q. You are a member of the firm of Spencer, Moore & Company, Duluth? A. Yes, sir.

Q. How long have you been in that business at Duluth? A. Born in it. The firm has been in existence ten years.

Q. Are you an exporter of grain? A. No; we confine our business to selling to exporters.

Q. When you sell to exporters do you know by what route the grain gets to the seaboard and to Europe? A. Yes, sir; we get instructions from them what to do. We know nothing about ocean transportation.

Q. You know by what Atlantic port it goes? A. Yes, sir.

Q. I assume that you know nothing and have nothing to do with gulf port transportation? A. No; nothing whatever.

Q. And very little south of New York, what are known as the Southern Atlantic ports? A. We send a great deal to Philadelphia and Baltimore.

Q. You do? A. Oh, yes.

Q. Will you state to what extent your shipments at the present time go by way of New York? A. I might say in further explanation of the previous statement I made that we cannot always tell whether the destination east of Buffalo is New York or other ports. We watch the railroads as to outlets. The New York Central has an outlet at Boston and New York. I will get an order to deliver to the New York Central railroad. We cannot tell always whether it is Boston or New York. As a rule, we can tell. Sometimes they give us a Boston consignee. Sometimes they don't.

Q. To the extent that you are able to say, to what extent do you now ship by way of New York? What proportion of your shipments go by way of New York? A. Well, I should say of our shipments, possibly the major portion.

Q. Go by way of New York? A. Yes, sir. Of course, you understand that we deal exclusively with seaboard people. We are not exporters at all.

Q. And your shipments by way of New York, are they now equal to what they have been in the past years? A. Yes, sir; the last ten years.

Q. You think there has been no change whatever? A. That I will say in explanation that the business that we do now is not the proportion of the business that we at one time did.

By the Chairman:

Q. It is larger? A. Our business is larger than it used to be, but the entire business is a great deal larger.

By Commissioner Smith:

Q. You don't do as large a proportion of the business that is done? A. No. We do a larger business than we ever did before. But not as large a proportion.

Q. You maintain the same relative condition towards New York? A. Yes, sir; because of our peculiar business—confining it to the seaboard export. We confine all our business entirely to the seaboard export, and seven-eighths of our wheat we sell to New York exporters.

Q. And different companies there in New York? A. Yes, sir. Sometimes they order it shipped to New York, sometimes Boston, Philadelphia or Baltimore or the Canadian route.

Q. When you say that your proportion of the business done through New York remains the same, do you mean that the shipments through New York are the same or that your business with New York people is about the same? A. I meant with New York people, and also, so far as the Canadian ports are concerned, we ship a larger amount to Boston—larger number of consignments to Boston than before.

Q. While you are still doing the same business with New York you are not doing the same business through the port of New York—is that what you mean? A. The entire State of New York

Q. In the matter of shipments? A. It goes to Albany and across to Boston. The proportion of wheat going to Boston has increased.

Q. And has decreased going to New York? A. Yes, sir. I think our Philadelphia and Baltimore business has remained about the same.

Q. And Montreal? A. We don't do a great deal of business in Montreal, by that route. Our exporters here on the board seem

to be able to do business that way when we cannot. We cannot get business c. i. f. Montreal, float Montreal, from the New York exporters. We are several times, quite often this fall, we have been out of the market for grain when our competitors here were selling for export. Three or four days they claimed to have sold from five to six hundred thousand bushels of wheat. Two or three days our people in New York wired us that it was very strange that they couldn't do anything and we were cut out of the market because we had no foreign connections and these people were working by Montreal direct.

By the Chiarmen:

Q. To Europe? A. Yes, sir; or a New England port, but by the Canadian route.

By Mr. Fairchild:

Q. You have certain New York correspondents? A. Yes, sir.

Q. Do you object to telling who they are? A. They are all the people there that buy grain. Our broker, Lohrke & Company, sells the most of our grain.

Q. Sells the most of your grain? A. Yes, sir.

Q. Now, let's have this clear. When you say that your proportion of shipments to New York have remained about the same, do you mean proportions sold to New York, total, irrespective of the port it goes by or the proportion that absolutely goes to New York? A. The first statement, our proportion to New York people.

Q. I will ask you this question, so as to make it clear: What proportion at the present time of your grain shipments go by way of the port of New York? A. I couldn't state.

Q. Approximately, of course? A. I couldn't state, but there has been a steady increase of consignments to Boston. There has been a steady increase in the last few years.

Q. And that increase has been New York's loss? A. At the expense of New York.

Q. Has there been any increase in Philadelphia? A. No, not much.

Q. There has been some? A. I don't believe the Philadelphia business has changed very much. I think that if they had the facilities to handle the business that is offered to them that it would be very materially increased, but the railroads going to Philadelphia and Baltimore have been offered business way in excess of their ability to handle it. They have been blocked.

Q. How about their terminal facilities? A. Terminal facilities and carrying capacity.

Q. How about Newport News? A. That we don't touch at all.

Q. Are you able to state approximately to what extent New York has lost and Boston has gained at the expense of New York? A. I should think there are statistics—whatever she has gained has been New York's loss.

Q. I mean in your shipments? A. That would be very difficult for us to get, because we do not make any record of that. We consign it through simply as a matter of courtesy to the New York buyers. We do that for them and don't keep any record of it.

By Commissioner Smith:

Q. And there are times when you don't know—when it is consigned to the New York Central? A. Yes, sir. All we can tell is from passing information that comes to us that the business via Boston is steadily on the increase.

By Mr. Fairchild:

Q. How long ago did this Boston increase and New York decrease commence in your business? A. Well, it seems to be quite marked within the last two or three years.

Q. And extended back in its commencement probably two or three years prior to that, making a total of six years? A. Yes, sir.

By Commissioner Smith:

Q. What are the explanations that have been made for the change that you have heard of? A. There seems to be very favorable terminal facilities at Boston.

Q. Favorable in respect to what? A. Get cheaper storage and cheaper transfer charges.

Q. More prompt shipments? A. Yes, sir, and more expeditious handling of stuff from cars to vessels, ocean vessels.

Q. So that the whole thing is more favorable to your business in Boston? A. Yes, sir.

By Mr. Fairchild:

Q. Has your attention been directed any to the question of the improvement of the Erie canal? A. No, except that we are very much interested because of our peculiar business in the improvement of the American waterway, and our success at the present time is tied up with the success of the New York merchants, particularly because we want to confine our business to the export trade, but now we have been practically cut out of all the volume of stuff that is moved by the Canadian route. The New York people haven't been able for some reason or other to get the rates that way.

By Commissioner Smith:

Q. That other people seem to get? A. Yes, sir.

By the Chairman:

Q. And the New York people are your customers? A. Yes, sir. The large proportion of the export business that is done direct from Duluth to foreign ports is done by Canadian routes.

By Mr. Fairchild:

Q. What has been Montreal's gain has not only been New York's loss, but your loss in your own business? A. Yes, sir, and if there is not some method of correcting it we will have to change our business. We will have to go into the export business to hold our own with competitors.

Q. That would be your gain, but still New York's loss? A. New York's loss.

By Commissioner Smith:

Q. If New York does not do something to improve the conditions that way you will feel compelled to go into the export business? A. Yes, sir.

By Mr. Fairchild:

Q. New York has got to do something to meet the competition or go out of the business? A. Yes, sir.

Session of the subcommittee of the New York Commerce Commission, held in the office of the secretary of the Board of Trade, Chicago, on Wednesday, November 29, 1899, at 10 a. m.

Present: The members of the subcommittee.

GEORGE S. McREYNOLDS.

GEORGE S. McREYNOLDS, being interrogated on behalf of the Commission by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. Will you give your full name? A. George S. McReynolds.

Q. Residence Chicago? A. Chicago.

Q. Please state for the record what your business is? A. I am an elevator proprietor, warehouseman, and shipper of grain from the West, and I sell grain to exporters, c. i. f. seaboard or f. o. b. vessel at seaboard. I am a member of the firm of McReynolds & Company. I have been engaged in this business for fifteen years here in Chicago.

Q. When you sell to the exporters you know by what port the grain goes? A. Yes, sir. You see we designate the port, or they do to us. For instance they ask us—order a cargo of No. 2 corn, f. o. b. Boston or Baltimore or New York. A great deal of business is done here selling it c. i. f. Buffalo; that is, we load the corn on vessels here and ship it to Buffalo, and when it reaches Buffalo, our responsibility ceases. The buyer then designates where it shall go, whether to Boston, New York or Baltimore.

Q. When you sell it c. i. f. Buffalo, you are unable to know to what seaport it goes? A. Yes, sir.

Q. Except you know that it goes to an Atlantic seaport and doesn't go to the Gulf? A. Doesn't go to the Gulf.

Q. What proportion of your business goes c. i. f. Buffalo? A. Well, that is a hard question.

Q. Approximately? A. I should say that a third to a half.

Q. Now of that portion that does go to the seaboard, what proportion goes to the Gulf at the present time? A. Well, we do very little business at the Gulf.

Q. Which Atlantic ports receive the most of your business at the present time? A. Well, I should say Baltimore. That is another hard question without looking it up—Baltimore, Philadelphia and Boston.

Q. Does much go by way of Montreal? A. And Montreal. We sell a great of it that way, but I think the bulk of it——

Q. To what extent does your grain go by way of New York now? A. Well, I should say a very small proportion goes to New York, possibly one-fourth.

Q. During the fifteen years that you have been engaged in the business, has there been any change respecting New York—as to the proportion that goes to New York? A. Yes; New York has been getting less grain every year.

Q. Take half a dozen years back, what was the condition? A. Six years ago?

Q. Yes? A. Why, I should say, Mr. Fairchild, that a very much smaller proportion goes to New York now, than six years ago—very much smaller proportion. It is getting more difficult all the time.

Q. How many years ago did the proportion that goes to New York commence to grow less—about how many years ago? A. Well, I should say about eight years ago as a guess.

Q. Well, then, take eight years ago, before it commenced to grow less what proportion did New York receive? A. I think, I am safe in saying more than one-half—five-eighths, say.

Q. And it has been on a steady decline until the present time, and is still on the decline? A. I don't believe there was more than a quarter this past year.

Q. And the port that has chiefly gained has been Baltimore? A. Well, I should say Baltimore and Philadelphia.

Q. Has your attention been called to the elements that have entered into a lower rate, or the better accommodation by way

of the other ports? A. I don't quite understand what you mean by the "elements"—the cause, you mean?

Q. I assume that the grain goes by way of the cheapest ports?

A. Yes, I suppose.

Q. And that therefore there has been a change as between New York and the other ports, making the other ports the cheaper ports as against New York? A. Yes, sir.

Q. Do you know what the elements are that have entered into that change whereby New York has become the dearer port and the other ports the cheaper ports? A. Well I should say it was a question of freight rates from the west—the differential that the other ports enjoy has been more apparently than New York could overcome.

Q. The differential has existed for a great many years? A. Yes, sir.

Q. And there was a time when the other conditions favorable to New York apparently to a large extent offset the difference?

A. That is true.

Q. Now, what changes have there been that have caused that loss to New York? A. Well, I should say it was the continued shrinkage in the rates from the west to the east. As the rates decline New York seems to suffer.

Q. The difference is the fixed charge—the proportion of the through rate is greater as the through rate declines? A. Yes, sir, and hard to overcome. You will remember ten or fifteen years ago we were paying to the seaboard rates 100 per cent. higher than we are paying now on an average. If you had a rate that we had this year of nine cents to Baltimore and a twelve cent rate to New York—it seems to me your eleven cent rate to New York is pretty high figure to overcome, and there has been a general tendency in our business, as in all other business, to cut off every possible expense and to work harder for the fractions of a cent in the cost, and that has tended to make a difference.

Q. Do you know anything about the capacity offered at the port of Boston in the nature of free storage? A. Free storage is

offered at times for a limited period. I don't know anything beyond that.

Q. Would you say that was one of the elements that would favor Boston? A. Yes, to a certain extent.

Q. What are the changed conditions that exist at Montreal that have come to your attention making that a clearing port? A. The greatest change in handling Montreal business has followed the opening of the Canadian Atlantic Railway as a direct route by water to Montreal.

Q. By Parry Sound? A. Yes, sir. As you know, they own steamers and elevators and the geographical conditions—I suppose the geographical conditions have made it important for that road to work up Montreal business. When they opened up they advertised that they intended to go largely into the New England business but for some reason they haven't done that and have confined themselves to Montreal business and they work it very close at a very favorable rate.

Q. Have you known of grain going to Boston by way of the Parry Sound route? A. For export?

Q. Yes? A. No I have not.

Q. What relation has the improvement of the Erie canal to the problem of eastern rates from Chicago? A. The improvements already made?

Q. No, or in contemplation, what relation has the Erie canal to this problem of cheaper rates to New York—you can explain it in your own way as to the different elements that enter into it? A. Of course, that is a question that interests the port of New York a great deal more than it does Chicago. The proposed improvement in the Erie canal is an improvement to the port of New York because it will necessarily have a tendency to lower rates, rail rates from Buffalo to New York and place the New York port as regards the west, on a parity with the southern ports. I confess I haven't studied the subject at all as to the proposed depth of water or improved volume of carrying capacity of boats. That is one important point as I see it, whether New York

as a grain port is going to maintain its influence in any degree or not. It seems to me it will depend very largely on the Erie canal.

Q. You mean by that the adequate improvement of it? A. Yes, sir.

Q. So that it can meet present conditions? A. Exactly.

Q. Did I understand your answer that you had in mind that the only way that New York could meet this differential would be by such improvement of the Erie canal as to so lower the rates? A. I don't mean to say the only way it could be done, but I thought the most feasible way you could force it to be made. There are other things I understand—this charge at the New York harbor.

Q. Has your attention been drawn to the question of port charges in New York such as elevator charges and lighterage charges? A. Only indirectly. The lighterage charges cause the differential, so I am advised. The very fact that three cents a hundred or whatever it is has to be deducted of course deducts the difference of the haul to New York as against the southern ports. I only hear of it indirectly. It doesn't affect me directly at all.

Q. You are familiar with the published tariff rates here in Chicago? A. Yes, sir.

Q. In those published rates is there any direct reference to the amount that must be added for elevator charges in New York? A. Lighterage charges?

Q. For elevator or lighterage charges? A. I think the tariffs have a note explaining that.

Mr. Hyland.—Yes, they explain the additional charge for elevator.

By Mr. Fairchild:

Q. And that must be added to the rate? A. That is deducted from the through rate before prorating.

Mr. Hyland.—That is the lighterage, but the elevation is added to the through rate.

CHARLES COUNSELMAN.

CHARLES COUNSELMAN, being interrogated by Mr. Fairchild on behalf of the Commission, answered questions as follows:

Q. Mr. Counselman, first, if you will, give your full name? A. Charles Counselman.

Q. And your residence Chicago? A. Chicago.

Q. Your business? A. Grain elevator.

Q. You are a grain exporter, are you? A. Grain exporter, yes, sir.

Q. And you are a member of what firm? A. Charles Counselman & Company.

Q. How long have you been in that business here in Chicago? A. About twenty years.

Q. As a grain exporter and dealer in grain you own your own elevators here? A. I do.

Q. Will you state what the capacity of the elevators is? A. About 6,000,000.

Q. To what extent do you ship at the present time by way of New York? A. We do very little business by way of New York, very little, not to be mentioned at all.

Q. Has that always been the condition? A. No.

Q. How long has that been the case? A. Oh, it has been growing less and less for the last five years.

Q. Before it commenced to grow less what proportion of your business went by way of New York? A. Probably half. That is an approximation. Of course I can't recollect exactly.

Q. Which of the ports have gained the most of what New York has lost? A. Montreal, Boston, Baltimore and Philadelphia.

Q. How about Newport News? A. Newport News has gained considerable, but not from this particular section of country. They have gained from St. Louis and the southwest.

Q. The Chesapeake & Ohio is more directly in competition with the Gulf, is it not? A. No, it is competition with New York and Philadelphia and Baltimore. Let me explain, if you will. Grain is offered in Europe c. i. f. Atlantic or Gulf ports—to be shipped from these ports I mean, c. i. f. London, Liverpool, Hamburg, Ant-

werp and so on. The buyer doesn't care where the grain comes from. It is a question of price. The man who offers the grain cheaper sells the goods, no matter whether it comes from Montreal, Boston, New York, Philadelphia, Baltimore, Newport News, New Orleans or Galveston. New York we can do no business with because it costs us more money to ship our grain by way of New York than any other port in the United States to-day and has been so for several years. Therefore, New York has lost its grain business.

Q. Has your attention been called to the elements that have entered into the change of rates by way of New York as compared with the other ports? A. Oh, yes; every day.

Q. Will you explain what those elements are? A. In the first place is the railroad tariff. Anybody can take up the tariff and see there is a difference. The tariff to Baltimore to-day is one and one-half cents a hundred cheaper than New York. There is no reason to ask then why New York loses the grain trade. One-half a cent a hundred will divert this trade.

By Commissioner Smith:

Q. This statement has been made to us, Mr. Counselman, that the Baltimore & Ohio Railroad would be willing for a cent and a half to carry more to New York but if we abolish the differential the Baltimore & Ohio will not carry any grain to New York? A. I don't see what the particular force of that is.

Q. That they will get more money for the longer haul and that they would prefer to use the port of New York, getting a longer haul. A. That is not so.

By Mr. Fairchild:

Q. Who decides by what port the grain will go, the carrying railroad or the shipper? A. The shipper every time when he ships through the port that gives the cheapest rate.

Q. And if the rate by way of the Baltimore & Ohio which goes to Baltimore and from Baltimore to New York—— A. That is a mere side issue.

Q. If the rate was the same in both places, even if they preferred to stop at Baltimore, they could not stop it at Baltimore, could they, if the grain exporter decided it should go by way of New York? A. Well, if the rates were absolutely the same to all ports it would be a question simply then of facilities, the way the property was handled, the frequency of sailing and these other extraneous considerations outside of the mere matter of freight. Seasons of the year would change, for instance. New York would get the benefit in warm weather in the shipment of corn, because the climate is a better climate than Baltimore or Newport News or points further south. They are what I call extraneous conditions which would govern the shipper.

Q. Conditions beyond the influence of the railroads? A. Beyond the influence of the railroads.

Q. The differential has existed for great many years? A. Yes, sir.

Q. Longer ago than five or six years? A. Yes, sir.

Q. How do you explain, therefore, that it is the differential that has caused this loss or has been an important element? A. Because you could ship cheaper by way of Baltimore to Hamburg, because of the differential in favor of Baltimore, than you can ship by New York to Hamburg.

By Commissioner Smith:

Q. But that wasn't so five or six years ago? A. I mean to say it has existed for several years.

By Mr. Fairchild:

Q. The present differential has existed for twenty years—more than that? A. I don't know just how long that differential has been in existence, but I know it has been taking business away from New York steadily. New York had a great prestige which lasted a great many years because different people getting in the habit of shipping by certain channels like to do it. We in the west like New York and love to do our business there but we have been forced away from it a great deal against our will by the competition of those other ports.

By Commissioner Smith:

Q. Do you think as these rates by rail have been reduced and these terminal charges have been maintained, that they operate more and more strongly against New York? A. Oh, yes, and New York has many bad features. Her lighterage feature is bad. It is three cents before prorating. There is no necessity of doing that.

Q. They tell us it doesn't affect the shipper but is absorbed by the company? A. It is absorbed by the rate. The rate is higher.

By Mr. Fairchild:

Q. That gets back to the differential again. A. Yes, the whole thing is there. You can look at it anyway you choose, but it is dollars and cents. I don't care what you call it. It is the total cost to the man putting the grain through the port.

By Commissioner Smith:

Q. And it is the usual custom to ascertain what those items of extra cost are and how excessive they are from the point of view of people here? A. I don't think we look at it in that way. There is no sense in our dividing up the matter. What we look at is the totality. That is the way we look at it. We don't care about the division.

Q. What then would you suggest we can recommend? A. You demand that New York get the same rate of freight to New York f. o. b. any vessel that can be made by the way of Baltimore or Philadelphia or Boston or other ports. That is the real question. That is all you can do and unless you do that you don't accomplish anything. Anything less than that your efforts will be in vain.

By Mr. Fairchild:

Q. Well, now, Mr. Counselman—— A. That is as far as the railroad proposition is concerned.

Q. The differential prior to 1882 existed at times to a much greater extent than it did subsequent to 1882. The differential

has existed since 1877, three cents in favor of Baltimore and Newport News and a two-cent differential in favor of Philadelphia has existed since 1882. On the 1st of January last it was reduced to one and one-half cents on grain. That being the case can you give an explanation why within the past five or six years the differential has operated so decidedly against New York, whereas, it apparently maintained its own to a large extent from 1877 until five or six years ago with that larger differential? A. Well, two things. First, I have just stated New York had a great prestige. That lasts in business for a considerable length of time. That is one reason why she maintained it. Secondly, these other ports had not developed to the point where they have to-day. They are able to do business to-day better than they were at that time. Newport News, I don't know that it was hardly known at that time as much of a factor. Baltimore certainly did not get these vessels as she gets now. I will tell you how this thing operates and if you don't correct it, New York will not only lose its grain trade, but a great deal of other business you think you have to-day. A vessel goes to Baltimore and takes a cargo of grain to Hamburg. Before that vessel starts for Baltimore she is being chartered for merchandise and other goods for re-shipment to Baltimore again, such goods being hauled by the Baltimore & Ohio back for distribution. The result is that there is competition going on all the time to divert from New York this general class of freight which used to go there.

Q. So that she loses imports as well as exports as a result of the loss of exports? A. Certainly. When men can offer their cargo by way of Baltimore, instead of Baltimore having five steamers, she will have ten, forty and one hundred, and they are all taken away from New York. What should they do? They are not only hauling grain from Baltimore, but those vessels are being loaded back to Baltimore and they will give a preferential rate because they will be sure of their cargo. To-day you have no business in New York except a partial business. Here is the only place where New York is used at all to-day, partial freights. A

vessel has room for 50,000 bushels, and she is going to sail tomorrow or in two days and the manager goes to an exporter in New York and says: "We have got to have this 50,000 bushels by Monday, have you got them?" "Yes, we have got them;" and they offer a freight so low that that shipper has his railroad freight equalized by the decline in the ocean freight on his partial lot and says: "I will take it at any price rather than have it empty." You have a partial business in New York and your cargo business is gone. The very moment Baltimore and these other points get enough liners your parcel business is gone because then they will ship partial lots from there too. These liners have got to have this room used on sailing days. You have lost your cargo business and you will lose your parcel business. You will lose your general import business because you have permitted this vessel business to be diverted to other points and cannot get it back. You can look at your business in any way you choose and appeal to all your imaginary causes, but there is one fact, and that is, you have got to have it so that a man can ship by way of New York as cheaply as any other city and no differential. I was talking to a Mr. Newman, the president of the Lake Shore railroad, an old friend of mine for a good many years. I said: "Mr. Newman, there is one way to make this business right, stop these differentials and stop all rebates. Have the freight from the western points to Chicago and St. Louis the same"—I mean from a common western point. Have the freight from St. Louis and Chicago eastward the same to any Atlantic seaboard point. You see what I mean?

Q. Yes? A. Stop this through rating of stuff. That is the cause of our trouble here—cause of trouble everywhere. Have the stuff come into Chicago and Peoria and St. Louis. Have that the line instead of the Mississippi. Have this local rate just the same to any seaboard point. There is no necessity for anybody to cut in rates any more and there is no necessity for any differentials in rates in favor of any of the cities. He agreed with me perfectly and I think they are working along that line gradually to-day.

By Commissioner Smith:

Q. They informed us in New York that if they were to do that it would involve a rate war against the railroads terminating at New York, brought about by the railroads terminating at Philadelphia and Baltimore that would be disastrous. A. The proposition is this: Rather than have a rate war they will sacrifice you.

By Mr. Fairchild:

Q. That is what they have said in so many words. A. You must sacrifice New York and its commerce in favor of the other cities. You are the vicarious offering.

Q. The officials of the railroad to Baltimore, to Philadelphia and to Newport News, have, by correspondence, in substance stated that they would have a rate war before they would allow the differential to be abolished, and the officials of the railroads to New York, the New York Central, Lehigh Valley and the Delaware and Lackawanna, and the chief officials and the president of the New York Central, have on the witness stand under oath stated that they believed in the principle of the differential; that if they attempted to abolish it there would be a rate war which they couldn't stand and wouldn't stand, and they did not propose to abolish it. A. The only remedy is your canal.

By Commissioner Smith:

Q. Then Mr. Fairchild put this question, that if New York and the State or city or both should by large expenditures of money increase the facilities at the port of New York and decrease the expense at that port, and they then insisted that it would be their duty and they would increase the differential against New York in order to give their fair share of the business to the competing railroads terminating in Philadelphia and Baltimore. A. Then your only hope is your canal, if that is the attitude.

Q. That is the attitude? A. Absolutely.

By Mr. Fairchild:

Q. Your answer to that is that the only hope of New York is the canal? A. Yes, sir.

Q. From your experience in shipping grain will you state what in carrying capacity should be the improvement on the Erie canal to successfully meet competition under present condition? A. Yes, sir. I will state to you that some time ago I had a very direct interest in this canal. It is my thought, my individual thought and I had a long fight to get anybody in New York interested in it—the development of that canal. My plan was to have the State of New York and the general government interested and after long talking about it and discussing it and arguing it, I got McIntyre of New York and several others interested in the matter. “Now,” says I, “I feel very sure I can get the government to take hold of this canal as a government measure, on the theory of getting the gunboats into these lakes.” That was the ostensible thought. I said “I know that your legislature won’t turn it over under any conditions.” They said “Yes, we can—we can have it done.” I said “I don’t think you have the slightest conception of what you are up against in New York, because the railroads will fight you in the legislature and defeat you,” and they thought not. I went to Washington half a dozen different times and talked and worked on that line with the Commerce committee—the River and Harbor committee and got them fully imbued with this idea. I had them out here and they came to South Chicago to look over my property, digging that twenty feet, and so on. I got them committed to the proposition and they recommended its favorable passage, but the legislature of New York, as I stated, threw it out. My plan was then to have that canal dug to a depth that would let us use barges drawing 50,000 bushels of grain, not less. We could take those barges from Chicago to Buffalo and never touch an elevator in Buffalo and have a tug right there that could take them right down the Erie canal to New York—two barges in tandem or four if the locks would permit, and if not, the locks should be made so they would permit. It was all surveyed. You will find that survey on record. It is almost all the way down hill and easy physically to accomplish, and then you could absolutely control the rate of freight. There is nothing else will do it.

By Commissioner Smith:

Q. You are aware that the federal government is making a survey through the State of New York for a ship canal? A. Yes, sir; I understand that.

Q. And that their report is expected to be presented to Congress at the next session, very soon? A. Yes, sir.

Q. The plan that you favor, as I imagine, is that recommended by Major Simons? A. Yes, sir.

Q. You are a little bit in error as to the surveys having been made? A. I don't know as "survey" would express it. I know he examined the property and made a report to the government. I read it through carefully—that all the difficulties can be overcome, and he explained why. If you will take Secretary Alger's report you will find it there. It is a very practical question and you are wasting your time if those railroads take that position.

Q. In addition to the improvement of the canal, the suggestion has been made to us by a great many people interested in the grain and package freight shipment, of the need of terminals at Buffalo and New York for the people using the canals for their through shipments. Have you any ideas on that subject that you would care to express? A. I don't know—I know in our business, I don't see what facilities we want there that we haven't got.

Q. We found this condition existing in Buffalo, that the railroads are charging a flat rate of one-half cent a bushel for elevating the grain, but that in order to close up those elevators doing strictly a canal business and charging no storage, they are elevating the canal grain free. That would look as if it was favorable to the canal, but eventually these elevators doing only a canal business will become obsolete and then that business will be entirely under the control of the railroads? A. That is their object, of course.

Q. There has also been the suggestion made that the railroads may in time and not far distant reduce the rate on elevators, wipe it out completely and absorb it in their through rate rail-

road business, which condition would of course lay the canal entirely aside as a factor. The canal elevators being out of use, the railroads transferring the grain free, the whole business would be subject to the influence and control of the railroads? A. My idea about that is this: My proposition meets all of that. Suppose I start a vessel from Chicago hauling two barges. The vessel carries 100,000 bushels and the barges carry 100,000 bushels. You get to Buffalo and of course the cargo has got to be elevated into something. My plan would be to start a transportation company at once. When those barges get there they never see an elevator where they charge something or nothing, but there is a tug there which takes these barges right down to New York. How about the cargo in the ship? We will take that and take the cargo by floating elevator out of that vessel and put it on some barges we have there and let it go on to New York. We are independent of the railroad and independent of Buffalo—independent of the whole thing.

By Mr. Fairchild:

Q. Having in view the necessarily small movement in any canal where it is thirty or fifty thousand capacity, would not any improvement of the Erie canal sufficient to secure those conditions of boats that might go through the locks and canal meet your suggestion even if in carrying capacity they could carry only about 30,000 bushels? A. I will tell you, that would be much better, but I want to warn you. There are a lot of men you will talk with in the northwest who will say to you: "Don't have that canal deepened to 50,000 bushels; that is too much. You can do better if it is smaller." If you examine that man you will find him a railroad man down at bottom.

By Commissioner Smith:

Q. We are not railroad men. A. I know; but I am talking about railroad men that you are examining. They want to minimize the benefit. If you are going to do anything, do it right and have it effectual.

Q. Suppose the cost of such canal as Mr. Simons recommends should exceed the cost of such improvement as was undertaken and partially completed by \$30,000,000, and that instead of making that vast expenditure for a larger canal, the State of New York should elect in view of the contemplated movement of the railroads to transfer the grain, to round out their system of canal waterways by giving free elevation and free storage? A. It wouldn't amount to a row of pins.

Q. It would absorb all that charge? A. I have just stated the elevators have reduced their charge to half a cent. That is as near nothing as you can get it.

Q. The reason you want a barge that will go straight through is to save the expense of the transferring? A. And the lowering of the rate of freight.

Q. If you accomplish nearly the same thing—— A. No, it don't. My chief thought is not—don't get that in your mind—this temporary charge at Buffalo does not amount to a row of pins. At the moment that we can start this barge line to New York we can carry the grain at three and a half cents a bushel and make money.

Q. Through? A. Yes, sir; as against six cents to-day. That is what I am at, not the temporary elevation at Buffalo. That is not considerable at all. They would say: "All right, we will do it for nothing, too," and where would you be?

By Mr. Fairchild:

Q. Would you be in a position to influence lake rates as well as rail rates? A. Certainly. Suppose we can ship for two cents if you choose, or one and a half cents, and two cents down the canal, three and a half cents against six cents, do you suppose any freight would go by the railroads? What does this differential in favor of Baltimore amount to then? They would have to have it six cents a hundred, and you have got them. You have wiped out your Gulf competition. They will come to their senses then and be fair about this thing.

By Commissioner Smith:

Q. What effect do you think it would have on other business?

A. Make it a regular transportation line up and down that canal. You would be carrying other stuff back from New York and also clear through to Chicago, your heavy freight like sugars and things of that kind.

Q. A canal boat is not adapted to any kind of freight? A. Why not? It is a waterway and the cheapest in the world.

Q. A canal boat is not adapted to any kind of freight? A. Cleveland has settled this question. They have got a barge line to-day and they go to Buffalo and carry railroad iron and everything else. There is no experiment about this; in fact that is where I got the idea.

Q. We had the manager of that line before us and they are about to abandon it? A. You may find there are some other influences behind it.

Q. It is rather an expensive operation the way they carry it out? A. We can carry that grain together as far as we wish and we can preserve the identity of the grain and it can go to New York and can be taken up to the side of the elevator. It doesn't necessarily have to go in the elevator, but it may. That is all right, you have got to have your charge somewhere. You can put it in the elevator and then to the ships going abroad. Every one of those barges can be loaded with merchandise of various kinds and taken back along through your State and to Chicago and through the western country. There will be freight both ways.

By Mr. Fairchild:

Q. Now, Mr. Counselman, there is no doubt just such a sentiment as you have suggested, in New York against turning over the Erie canal to anybody even including the national government? A. Yes, there is.

Q. And there is one substantial reason for that on the line of your own suggestion. So long as New York keeps its canal and

improves its canal it has the say as to how that canal shall be operated, whether by tolls, for instance, or otherwise, looking to the very cheapest transportation by that route. The moment that New York parts with the canal to the national government there are other constituencies to be considered? A. Yes, I can see that and appreciate the force of it, too.

Q. Therefore, having in view the principal necessities that you have suggested at New York, if it wishes to save its own commerce it should have that control of a transportation rate to meet the combination among the railroads and the differentials that they agree to and that, therefore, they must improve their own canal. It has been figured out by actual surveys that have been gone over many times that the completion of the plan of improvement that was entered upon by that \$9,000,000 expenditure would take in the vicinity of \$15,000,000 more, and that would provide a canal which by locking two boats together so that they would operate as one would carry in the vicinity of 30,000 bushels of grain, and we have testimony upon the record from men in the business of shipbuilding and ship operations that such a canal would create a condition where boats could go from Chicago and from Duluth through the locks and through the canal to the port of New York with a total of 30,000 bushels capacity. If that be true, would that not meet the very conditions which you advocate? A. I will answer that this way: It may. I don't know. I will tell you the thoughts that run through my mind. The deeper the vessel the safer vessel it is on the water. We have severe storms on this lake at times. A barge carrying 50,000 bushels is a safer vessel than a 30,000-bushel one, because it has more depth. That is easy to see. Now, say we have gotten over our lake trouble and are at Buffalo. You must recollect that the railroad has been cheapening the cost of doing their work every year.

Q. How? A. Larger rails, stronger foundations, larger cars and larger engines. We ship in cars now that will hold sometimes 1,600 bushels of grain that in former times used to hold 600, 700 and so on, so that they are enabled to do their business per

mile much cheaper than they were doing it. My thought was that in the water competition we follow as closely as possible along that line, and when we put a tug on to the barges, for instance at Buffalo, that they haul as large a quantity as possible with a very little increase of expenditure in the way of coal and so forth, and none in the way of hands managing those vessels. We can haul more bushels, the cost I mean, when we get down to the coal and matter-of-fact cost per bushel. It is quantity as against a certain expense. The trouble is in building a canal for a vessel of 30,000 bushels; you may afterwards realize that you ought to have built a canal for fifty. You have a difficult problem on hand then; so that my opinion is that when you start to do it, do it effectually

By Commissioner Smith:

Q. That would be all right if the conditions existing through the State would make it possible to build that canal at a reasonable expense. I know Mr. McIntyre's zeal in this matter, because I have been connected with this matter for five or six years. Big cities have been built up all along the line of our canal. Railroads have invaded the so-called blue line, the limited area that the State has reserved for itself and to widen the locks and to deepen and widen the canal will involve an expense that is absolutely unknown, but unquestionably far into the many millions of dollars. Now, this question presents itself as a practical thing to us down in New York, that there is a limit to the extent to which the people of the State of New York will go. A. That is a matter for you to decide.

Q. The Federal government is making a survey for a ship canal. There is a strong, growing, deep-seated, persistent sentiment in the Northwest on behalf of a ship canal which may never be satisfied until it has been constructed and the Federal government has been persuaded to go to an expense of several hundred thousand dollars to make this survey for the establishment of a ship canal. So that knowing what is likely to be accomplished in the State of New York, and what is unlikely to be accomplished in

the State of New York, and what is likely to be accomplished by the Federal government, and that we can easily secure the completion of the canal improvement already undertaken and look to the Federal government to construct a ship canal, the agitation for which has been going on so long, and pending that construction to utilize such terminals as might be offered for the better facilitation of commerce at New York and Buffalo. That is the way those things have been presented to us. A. Those are matters that I do not consider and are matters that you must consider, naturally. It is a question of what you can afford to do. You are asking me how to compete with the railroads. I am telling you how. Whether you can accomplish that or not I don't know. The suggestion of a 30,000-bushel capacity would be that much better than it is now. I think the canal takes about 4,000.

Q. Yes. A. That would be a very great help, no doubt about that.

By Mr. Fairchild:

Q. And it would have a very important effect? A. Oh, there is no doubt about it, by regulating these rates. There is no question about it.

Q. There have been some who have appeared before the Commission here in the west whom I am confident are not connected with the railroads, but who have studied the question of economy as to the capacity of boats moving on slow-moving waters. A. On what kind of waters?

Q. On waters where the movement would be slow, like canals, and who have explained that the same reason does not exist for such boats that exists for boats—the large vessels moving on the lakes—for securing a maximum capacity. All the elements that enter into the cost are different, and that while on the lakes, as on the ocean, you would attain the very largest possible capacity, that they have studied the question as a matter of economy and that a 30,000-bushel capacity—and that is the reason we refer to that—— A. Of course it may be so.

Q. That a 30,000-bushel capacity would be the proper capacity, from an economical standpoint, of transportation on such waters?

A. Yes, sir.

Q. I will ask you the question, whether you have made a study of the economy of transportation to that extent? A. Not that feature of it.

By Commissioner Smith:

Q. Mr. George W. Balch, who made an extended study of this subject, arrived at a point which he called the unit of economy, where the size of the vessel should not go beyond that unit of economy, because other conditions would offset or increase the cost. A. Do you remember what those conditions were?

Q. He figured it out from 300 to 350 tons. That is the improvement we have undertaken in the State, and he says that is the result of a very close investigation upon the French canals, which more closely resemble our own than any other in extent—long haul through a shallow waterway. So when we propose to make it 400 tons capacity we thought we had left ourselves a certain amount of lee-way which would about approach that, and nobody seemed to be able to deny Mr. Balch's figures as to the unit of economy. A. I should think the constructors of boats would know more about it than Mr. Balch.

Q. Of course he was talking with them. A. Probably.

Q. Oh, yes; he was in constant communication with them. He was a very large shipper and constantly talking about it. It was a fad with him rather and he devoted a great deal of time, and he is the man who started the movement in behalf of the \$9,000,000 improvement.

By Mr. Fairchild:

Q. Are you acquainted with the inventor of the whaleback steamer? A. No; I don't know him personally. I know of him, of course.

Q. Would you consider that he is a sufficient student of that question? A. Yes, sir; I should think he would have good judgment.

Q. He states that——

Mr. Smith—Thirty thousand and 30,000 just about approaches what New York has just begun to do. A. That would be 60,000 bushels if you choose. Take a train of cars—that is as much as any train of cars could haul or carry, even the big cars. Say roughly 1,200 bushels to the car, fifty cars. They couldn't take any more than that. That is as much as any train of cars could take—have it so they could take these two barges at one time. That tug would haul as much as a train of cars.

By Mr. Fairchild:

Q. So that with that capacity, it can be determined that the boats could be so constructed and of the size, that they could operate from Chicago and Duluth through the lakes as well as through the canals, your suggestion would be fully met? A. Yes, yes; yes, indeed.

By Commissioner Smith:

Q. There is this to consider, that if the traffic that would go up as a result of such improvements, and facilities of commerce should exceed the capacity of the existing waterway, unquestionably the people of New York would be disposed to increase the size of the canal beyond that? A. Yes; that is a good line to make an experiment on.

By Mr. Fairchild:

Q. And there would be nothing in the improvement that would be now made, that would be thrown away? A. Not at all.

JOHN J. HYLAND.

JOHN J. HYLAND, being interrogated on behalf of the Commission by Mr. Fairchild, answered questions as follows:

By Mr. Fairchild:

Q. Mr. Hyland, what is your full name? A. John J. Hyland.

Q. Your residence? A. Chicago.

Q. Your business? A. Traffic manager of the freight bureau of the Board of Trade of the city of Chicago.

Q. You are then familiar with the rates from Chicago to the seaboard? A. Yes, sir.

Q. How long have you been in the business that has made you familiar with the rates? A. Well, for the past thirty years I have been engaged——

Q. Here in Chicago? A. Here in Chicago, and at Kansas City, Missouri, and other points west.

Q. The railroads that make rates to the seaboard, do they issue at regular intervals, published tariffs? A. Yes, sir.

Q. In these published tariffs from Chicago to the seaboard, will you give the rate to New York, and the rate to Baltimore, and the rate to Philadelphia? A. Yes, sir. The present rate?

Q. The present rate? A. In grain?

Q. On grain, yes. A. For export?

Q. For export? A. The present rate from Chicago to New York on grain for export, is twenty cents a hundred. The same rate applies via Boston. The rate via Philadelphia, is one cent per hundred less; via Baltimore, one and one-half cents per hundred pounds less.

Q. For how long a time on grain, has a difference prevailed of one cent to Philadelphia, and one and one-half cents to Baltimore and Newport News less than to New York? A. I think that change was made along about the first of the present year.

Q. And prior to that time? A. Prior to that time, it was three cents in favor of Baltimore, and two in favor of Philadelphia.

Q. And also three cents in favor of Newport News? A. Yes, sir.

Q. What was the rate, can you state, say ten years ago, to New York? A. Well, approximately, ten years ago, the rate from Chicago to New York on grain—the winter rate was about thirty cents, summer rate generally about twenty-five.

Q. Take about 1883, what was it? A. It was about that at that time. Prior to that time, the rates were very much higher.

By Commissioner Smith:

Q. Have you quoted to us the winter rate, or the summer rate?

A. The winter rate was generally about thirty cents.

Q. Now, the rate now? A. This is the present rate. Thirty years ago, the rate on grain from Chicago to New York was very much higher. It was then, according to my recollection, perhaps sixty or sixty-five cents per hundred.

Q. Will you state to what extent, if any, the lighterage charge at the port of New York enters into the cost of transportation by way of the port of New York, as compared to the other ports?

A. Well, in my opinion, the lighterage charge of three cents per hundred increases the rate via New York, just that much. In other words, were it not for that three cents, the railroads would be enabled to make just that much lower rate in competition with the Gulf lines.

Q. You say that with the full understanding that that is a part of the through rate? A. That is a part of the through rate, but it makes the through rate higher than it otherwise would be—just that much higher.

By Mr. Fairchild:

Q. In other words, as the differential is a tax upon the grain, the lighterage charge is a tax upon the railroads carrying the grain? A. On the roads carrying it, exactly, and I think if the New York trunk lines are sincere in their efforts to assist New York's commerce, they should at once undertake to either abolish or materially reduce their terminal and port charges—lighterage and elevation. I will say a word on the differential. I believe that the inland rate on export grain, should be the same from the west f. o. b. ship in the port of export, regardless of the port.

Q. It would be the same to all the seaports? A. To all the Atlantic seaports, f. o. b. ship.

By Commissioner Smith:

Q. Including all charges until it gets on the ship? A. Until it gets on the ship. It should be the same at all Atlantic ports on export grain.

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